Compliance with 95-10 Plus Additional Regional Demands

	Description	PEA Demand (AFY)	Source	Updated Demand (AFY)	Source
Existing Demand Within CAW Service Area					
1	**Carmel River Replacement**	10,730	SWRCB Order No. WR 95-10: in 1995, Carmel River diversions were 14,106 afy, which were 10,730 afy greater than CalAm's legal water right of 3,376 afy.	8,498	MPWMD Technical Memorandum 2006-02, October_2006: The average annual production (WY 1996-2006) by Cal Am from the ***Carmel River*** (11,015afy) was weather adjusted (by 7.8%) to reflect a weather adjusted average of 11,874afy, minus CalAm's recognized legal rights of 3,376 afy.
2	**Seaside Aquifer Replacement**	1,000	CalAm Hydrogeologic Assessment of the Seaside Groundwater Basin included in PEA	2,489	MPWMD Technical Memorandum 2006-02, October_2006: The average annual production (WY 1996-2006) by Cal Am from the ***Seaside Basin coastal subareas*** (3,695afy) was weather adjusted (by 7.8%) to reflect a weather adjusted average of 3,983afy, minus CalAm's eventual allocation of 1,494 afy.
				466	MPWMD Technical Memorandum 2006-02, October_2006: The average annual production (WY 1996-2006) by Cal Am from the ***Seaside Basin Laguna Seca subarea*** (432afy) was weather adjusted (by 7.8%) to reflect a weather adjusted average of 466afy, minus CalAm's eventual allocation of 0 afy.
				762	MPWMD Technical Memorandum 2006-02, October_2006: Loss of ***storage capacity in Los Padres*** that inhibits ability to divert legal Carmel River supply.
				272	MPWMD Technical Memorandum 2006-02, October_2006: ***Non CalAm Seaside Basin Coastal and Laguna Seca Subareas*** replacement needs
SUBTOTAL 1 and 2		**11,730**		**12,500**	(12,487 rounded)

	Description	PEA Demand (AFY)	Source	Updated Demand (AFY)	Source
Future Additional "Build-Out" Demand Within CAW Service Area					
3	**MPWMD**				
	City of Monterey	766	Numbers in PEA are water demand estimates for the year 2020 as provided by each city to MPWMD in 1999.	705	MPWMD Board Workshop presentation, May 18, 2006: Water demand as provided by the jurisdictions to MPWMD using build-out projections from General Plans and average water use factors. **(Note: The updated future estimates include a 20 percent contingency to account for potential future changes in usage rates (rebound). Without this contingency (743af) future demands are estimated at 3,803 afy.)**
	City of Seaside	406		582	
	City of Carmel-by-the-Sea	405		288	
	City of Sand City	300		386	
	City of Pacific Grove	531		1,264	
	City of Del Rey Oaks	197		48	
	Monterey County (unincorporated)	893		1,135	
	Monterey Peninsula Airport District	74		138	
SUBTOTAL 3		**3,572**		**4,500**	(4,546 rounded)
SUBTOTAL 1, 2 and 3		**15,302**		**17,000**	(Rounded)

	Description	PEA Demand (AFY)	Source	Updated Demand (AFY)	Source
Future Demand Outside of CAW Service Area					
4	**Marina Coast Water District**	2,400	Fort Ord Base Reuse Plan, 1997	2,400	MCWD UWMP Dec 2005: Ord demand under current development restrictions per the Base Reuse Plan. If restrictions are lifted, an additional 4,949 afy would be required by 2025.
SUBTOTAL		**2,400**		**2,400**	
5	**North County**				
	Moss Landing	70	Numbers in PEA are water demand estimates based on a preliminary survey conducted by Monterey County Water Resources Agency (MCWRA)	70	PEA
	North County	1,500		4,943	North Monterey County Comprehensive Water Resources Management Plan, Jan 2002: Replacement water for future overdraft conditions = 4,943 afy
	Castroville Water District	1,000		1,000	PEA
	PSMCSD			3,000	PSMCSD/Poseidon
SUBTOTAL 5		**2,570**		**9,000**	(9,013 rounded)
SUBTOTAL 1 thru 5		**20,272**		**28,400**	

Other Proposed Urban Water Supply Projects Serving Existing CAW Demands

Other projects have been proposed by local water agencies to partially meet local urban water demands within the MPWMD/Cal Am Service Area. They are summarized below.

MPWMD Carmel River Water ASR Phase 1	(920afy)	MPWMD EIR/EA August 2006
Unaccounted for Water Recovery	(300afy)	2% of 14,804 afy
Conservation	15%	MPWMD prepared the Water Conservation Plan for Monterey County in 1989. Since that time, achieved conservation estimates range from 15 percent to 25 percent. This conservation is reflected in existing average demand and therefore is not deducted in this table.
Sand City Desalination	(150afy)	Sand City desalination project is 300 afy. 150 afy of this would supply existing demand.
Recycled Water on the Monterey Peninsula	(300afy)	MCWD Regional Urban Water Augmentation Project
SUBTOTAL SUPPLIES	**(1,670afy)**	

EXHIBIT 13-A
MPWMD Comparative Matrix, Part I-A, Desalination Projects

	A	B	C	D	E
1	**FINAL for 10/16/06 Meeting**		**MPWMD Comparative Matrix -- Part I-A, Desalination Projects**		
2					
3					
4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
5	**PROPONENT/SPONSOR**	California American Water	Pajaro/Sunny Mesa CSD	MPWMD	
6	**PROJECT DESCRIPTION**	**Moss Landing desal plant assumes use of Duke Energy site and intake/outfall. Includes desal conveyance system comprised of transmission main, terminal reservoir, and pump stations; and ASR facilities to store CR (or desalinated) water in Seaside Basin. PEA analyzes Proposed Project and five alternatives (see Line 60). Proposed Project yield is 11,730 AFY.**	**Desal plant at National Refractories site; prefer use of Duke Energy wastewater as source (existing intake as backup) with existing outfall. Includes energy recovery; possible 30-ac solar energy. Current focus on regional plant, including P/SM service area; willing to expand to serve other areas. No ASR is planned, but could be combined with MPWMD ASR project.**	**Desal plant at Sand City with potential intake and outfall locations from Seaside State Beach to coastal Fort Ord. HDD well technology needed to achieve 8,409 AF yield goal; brine disposal via MRWPCA outfall likely needed. Could be combined with MPWMD ASR project.**	
7	Pilot Project	Approvals expected by end of 2006; install early 2007; operate for one year via agreement with LS Power.	Approvals expected iby end of 2006 based on approved Encina plant design; plan to operate 4 yrs.; managed by Kennedy/Jenks expert	None planned currently, but will be required by DHS	
8	**PROJECT YIELD**	Actual yield based on commitments of purveyor customers	Actual yield based on commitments of purveyor customers	8,409 AFY yield goal; possibly 11,000 AFY (uncertain)	
9	Comply with Order 95-10? Water for Seaside Basin?	Yes, 10,730 AFY assumed for Project and alternatives. 1,000 AFY slated to replace Cal-Am use in Seaside Basin.	Yes, 10,730 AFY assumed. Up to 2,700 AF to address gap between current production and sustainable yield estimate in Seaside Basin.	Yield falls short of 10,730 AFY unless expanded or combined with another project. No yield to address Seaside Basin.	
10	Future Mont. Penin. Needs?	Regional Alt includes 3,572 AFY for jurisdictions within CAW service area as previously identified by MPWMD and jurisdictions.	Water for growth not currently contemplated.	Current project goal is legalizing existing use (11,285 AFY from CR and 3,500 AFY from Seaside assumed). Water for growth not contemplated.	
11	Future Non-MP Needs	Regional Alternative lists 4,970 AFY for MCWD/NorCo as amended by particpants. North Marina Alt could also be sized to meet regional needs.	Up to 11,230 AF to address known overdraft in areas now within P/SM service area	None	
12	TOTAL YIELD	11,730 AFY for Proposed Project; 20,272 AFY for Regional Alternative (or North Marina Alt).	20,000-22,400 AFY (20 MGD project, capable of producing up to 22,400 AFY - 20,930 AFY demand identified)	8,409 AFY. Project could potentially be expanded to 11,000 AFY - permitting and feasibility are uncertain.	
13	Yield Phasing to Mont Penin	11,730 AFY is Proposed Project amount. Oversized Pipeline Alt or Regional Alt could facilitate incremental future supply above 11,730 AFY.	Phasing based on demand; assume 10,730 AF plus amound needed for Seaside first	No phasing	
14					
15	**PROJECT COST**	**2005 Costs for Proposed Project (11,730 AFY) Indexed to 2004 through 2008**	**Costs in 2005 dollars for 20 MGD project provided to B-E/GEI Consultants by Poseidon Resources**	**Varies with site; see Dec 2003 Board Review Draft EIR**	
16	**Capital - see lines 77-106**	$191,090,000 for proposed project (11,730 AFY) ***Based on 10% contingencies - B-E/GEI Consultants recommend 25% contingencies. B-E/GEI evaluated only the desalination component of the project, and not the ASR component.***	$132,000,000 for 20 MGD project ***$169,030,000 (B-E/GEI Consultants, based on increasing contingencies by 10-15% to 25%)***	$176,200,000 - $193,000,000	
17	**Amortized Cap. Cost ($/yr)**	$15,000,000/yr	Information not provided	$14,200,000 - $15,600,000/yr	
18	**O&M - see lines 108-112**	$6,372,000 (net amount; see basis of cost info) ***B-E/GEI evaluated only the desalination component of the project, and not the ASR component.***	'$16,900,000/yr	$8,740,000 - $ 9,090,000/yr ***$6,740,000 - $7,090,000/yr (B-E/GEI Consultants)***	
19	Assumed energy cost ($/kwh)	$0.07/kwh	Information not provided	$0.12/kwh	
20	**Total Annual Cost**	$21,372,000/yr	Information not provided	$22,99,000 - $24,690,000/yr ***$20,990,000 - $22,690,000/yr (B-E/GEI Consultants)***	

EXHIBIT 13-A
MPWMD Comparative Matrix, Part I-A, Desalination Projects

	A	B	C	D	E
4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
21	Time frame for estimates	Capital cost escalated through end of construction in 2008 with 4% inflation	2005	December 2002	

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MPWMD Comparative Matrix, Part I-A, Desalination Projects

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4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
22	**COST TO PENINSULA**				
23	Share of total project cost	100% of Proposed Project costs are for CAW Peninsula customers; Regional Alt would rely on prorata share of participation.	Cost of water based on contract volume (capacity+annual usage charges); separate charge for pipelines and pumping facilities.	Entire cost to be paid by Peninsula consumers.	
24	How share determined	See line 23	See line 23	N/A	
25	Cost sharing of existing vs. future Cal-Am ratepayers	See CPCN application; David Stephenson testimony	Future capacity cost based on construction and transmission	New users pay connection fee similar to current system	
26	**Cost of Water ($/AF)**	Proposed Project is $1,725/AF delivered to Peninsula customers ($1,000/AF for desal plant, pumps, pipes and storage; $150/AF for ASR; $550/AF for O&M). Includes lease of desal site. Regional Alternative would be $1,600/AF for CAW customers. ***Based on 10% contingencies - B-E/GEI Consultants recommend 25% contingencies. B-E/GEI evaluated only the desalination component of the project, and not the ASR component.***	Information not provided by project proponent ***$1,434/AF (B-E/GEI Consultantsl)***	$2,737 - $2,939/AF based on 7.5 MGD (8,409 AFY) project. Includes site acquisition and other R)W costs. ***$2,491-$2,693/AF if energy costs reduced by 33% as recommended by B-E/GEI Consultants.*** Need to add conveyance and related costs to obtain cost of delivered water.	
27	**Impact to Cal-Am Bill**	Increase of $2.20/ccf in 2007 to $5.73/ccf in 2011	No information provided	No information provided	
28					
29	**FINANCING ASSUMPTIONS**	See CPCN application amended 7/14/05	Revenue bonds or COPs; possible Poseidon funding	pursuant to District Law	
30	Interest rate (%)	7%	Information not provided	7%	
31	Term (yrs)	30	Information not provided	30 years	
32	Public vote required?	No public vote required; possible if public financing. CPUC makes CPCN decision.	Not required of P/SM unless Prop 218	Depends on type of funding or if part of JPA etc.	
33	Grants (describe)	None anticipated at this time.	On DWR eligible list, but no grant to date. Will pursue funds for pilot and envtl studies with MLML.	None currently	
34					
35	**TIMELINE**	See CWP charts		N/A -- Board tabled action in Oct 04	
36	Draft EIR (and/or EIS)	PEA submitted 7/14/05 forms basis of DEIR, anticipated to be published by CPUC Spring 2007. NEPA requirement uncertain.	See Line 37	unknown; minimum 7 mos to evaluate onshore HDD, and DEIR; assume NEPA tiers on EIR.	
37	Certify FEIR (EIS ROD)	FEIR anticipated Summer 2007; NEPA depends on timing of ARMY/FORA land transfer	June 2008 ("Environmental Review and Permitting")	unknown; assume 6 mos to FEIR	
38	Obtain key permits	Pilot plant permits: Monterey County - Aug 2006, but appealed to CCC; RWQCB - Sep 2006; CCC - to be considered late 2006. Full-Scale Project: CPUC issuance of CPCN - Sep 2007; CCC Coastal Development Permit anticipated March 2008	Pilot plant permits: Monterey County - Mar 2006, but appealed to CCC; RWQCB - Sep 2006; CCC - anticipated to be considered late 2006. See Line 37 for full-scale project permits	Assume 6-12 mos from FEIR	
39	Secure financing	Upon CPUC approval of CPCN (Sep 2007)	Information not provided	Assume 6 months after approval/vote	
40	Secure ROW/property access	After FEIR certified by CPUC	Information not provided	Assume 3-6 months after financing	
41	Start construction	Winter/Spring 2008 to 2010	Information not provided	Assume 3-6 mo after ROW/access	
42	Commence water delivery	2010	July 2010	assume 24-month construction	
43	Total time to water delivery	3 1/2 - 4 years from Sep 06	4 years from Sep 06	unknown; 4-5 years from Day 1	

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44					
45	**PERMITS/REGS**				
46	**Federal Agencies**	USEPA, MBNMS, USFWS, NOAA Fisheries, USACOE, USCG	Same as CWP except no ASR permits needed; fewer stream crossings/avoidance lessen federal permits	Similar to CWP; no pipeline under sloughs and streams lessens some federal permits	
47	EIS needed?	NEPA review required; EIS possible based on pipeline alignment through federal lands if not already transferred to local jurisdictions	NEPA review may be needed by Army for pipes; EIS unlikely if demonstrate avoidance, reduced impact	NEPA review assumed; EIS is possible	
48	Fed lead agency?	Army Corps likely	to be determined, if needed	TBD (US Army?)	
49	Sanctuary approval?	Permit to construct; review NPDES application	Yes, related to NPDES/outfall; need to confirm outfall capacity	Yes, related to intake and discharge	
50	**State Agencies**	CPUC, SWRCB, RWQCB, SLC, CDFG, CCC, CEC, CDPR, CDHS, SHPO (CDTS?)	Same as CWP, except no CPUC or CEC; no SWRCB for ASR	Same as CWP except no CPUC, CEC	
51	CPUC approval?	Needed for Cal-Am rates; CPCN submitted for CWP Sept 20, 2004 and amended July 14, 2005.	N/A	N/A	
52	EIR lead agency	CPUC	Pajaro/Sunny Mesa CSD	MPWMD	
53	SWRCB/Water Rights	Needed for ASR or any other new Carmel River diversions	N/A, no ASR planned	N/A	
54	**Regional Agencies**	MBUAPCD, MPWMD, TAMC, FORA	Same as CWP	Same as CWP	
55	**Monterey County**	MCWRA, MCPBI, MCEH, MCPW	MCEH, construction and use permits	MCEH, MCPBI (?)	
56	**Local Agencies**	All affected cities and jurisdictions for encroachment and construction permits; includes MLHD	Similar to CWP; jurisdictions may vary; MLHD (?)	Construction and use permits within affected jurisdictions	
57					
58	**SITE CONTROL**				
59	Confirmed site?	Moss Landing Power Plant planned for pilot plant. "Duke East" site evaluated in PEA as preferred site.	Confirmed site for pilot project. Lease agreement signed with owner of Natl Refractory site. Potential use of LS Power discharge rather than own intake; will use own outfall.	Sites and alternatives identified; agreements with owners are needed, including MRWPCA for use of regional outfall.	
60	Alternative sites and projects?	Moss Landing scenario in PEA evaluates Granite Rock and Natl Refractories sites. Five project alternatives in PEA include: (1) Regional Alt with 20,272 AFY yield; (2) Over-sized Pipeline Alt with larger source and transmission pipelines to enable future supply increases; (3) HDD Intake Alt using HDD intake wells near MLPP as feedwater supply rather than Duke intake; (4) North Marina Alt, which locates plant in Armstrong Ranch area with HDD intake and MLPP outfall for brine; and (5) No Project Alt, comprised of existing conservation efforts.	No alternative to National Refractories site needed. EIR will identify project alternatives.	Several locations for desalination plant, seawater collectors and brine disposal via HDD and MRWPCA outfall evaluated in BRDEIR, along with other project alternatives.	

EXHIBIT 13-A
MPWMD Comparative Matrix, Part I-A, Desalination Projects

	A	B	C	D	E
4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
61					
62	**OPERATIONS/OTHER**				
63	**Technical, Managerial and Financial Capabilities (TMF) to meet DHS standards**	Cal-Am has extensive TMF capabilities and current certifications to own/operate water systems. Over 39,000 customers in Monterey County	P/SM has current TMF certification by DHS. Planned enhancement for desal project includes expanded board and staff; plan to outsource engineering (K/J), legal, development, contract, admin, construction, management; Poseidon is "Exclusive Management Agent" in current agreerment.	Assume certified entity would operate plant in coordination with Cal-Am system, with MPWMD oversight.	
64	Back-up; water production interruptions (e.g., power or intake water)	CWP design is consistent w/ Duke operations; forebay, storage tanks and ASR as backup; also other Cal-Am sources in Seaside and CR.	Own inake is backup supply if MLPP discharge water not available; refurbishing seawater tanks with 11-day supply; generators and onsite solar, if feasible. Notes County Ordinance requires back-up supply.	Redundant plant design; back-up generators; ASR source	
65					
66	**PROJECT PARTICIPANTS**				
67	**Overview**	CAW willing to participate in public/private partnerships and regional governance formation. Proposed project is geared toward existing CAW customers. Regional Alternative includes cities and areas within MPWMD, MoCo, MCWD, Castroville WD and Moss Landing; pending further study and action by entities.	Focus on regional plant, including P/SM needs; willing to expand plant to meet needs of others such as FORA, MCWD and Monterey Peninsula.	Funded by MPWMD via methods allowed by MPWMD Law; possible public-private partnership or JPA.	
68	MPWMD participation	MPWMD and CAW executed April 2006 Management and Operations Agreement regarding ASR component. No approvals to date.	P/SM Board authorized JPA with MPWMD in 2004; MPWMD declined offer at that time.	MPWMD currently envisioned as sole sponsor.	
69	Other entities participation	Other water purveyors are wholesale water customers.	Ongoing discussions with FORA and MCWD. Met met with Cal-Am in Nov 2004; sent letter in Feb 05.	None specified; partnerships possible.	
70					
71	**PUBLIC INVOLVEMENT**				
72	Outreach programs	Formal outreach program with 52 town hall meetings; presentations to jurisdictions. Website. Direct mail communication to CAW customers and stakeholders. CPUC staff to facilitate DEIR public involvement.	Presentations to MPWMD, City of Monterey, MCWD, FORA, DHS, Monterey County, MoCo Planning; Castroville WD as requested	Monthly written updates and quarterly public workshops 2002-early 2004.	
73					
74	**INFORMATION SOURCES**	**Year 2005 and 2006**: PEA and Amended Application to CPUC on CWP dated July 14, 2005, including technical memoranda on engineering and cost estimates; amended CPCN application for CWP July 2005. Handout materials from CAW consultant (RBF); matrix input data from RBF July-August 2005, including detailed basis of cost documents. August 25, 2005 Town Hall Meeting presentation by Steve Leonard of CAW and responses to questions. Seawater Desalination Projects Evaluation, B-E/GEI Consultants, June 26, 2006	**Year 2006**: Application by P/SM to California Department of Water Resources for Proposition 50 Grant for Pilot Demonstration Project, March 24, 2006. Monterey Bay Regional Desalination Project Conceptual Design Report, P/SM in cooperation with Poseidon Resources Corp., April 2006. Information provided in 2006 by Poseidon Resources to B-E/GEI Consultants for preparation of desalination projects evaluation. Seawater Desalination Projects Evaluation, B-E/GEI Consultants, June 26, 2006	Board Review Draft EIR, MPWMD Water Supply Project, December 2003. Regulatory agency worksheets prepared by Jones & Stokes Sept 2004. See line 115 for technical reports with cost information. MPWMD consultant estimates (CDM). Seawater Desalination Projects Evaluation, B-E/GEI Consultants, June 26, 2006	
75					

EXHIBIT 13-A
MPWMD Comparative Matrix, Part I-A, Desalination Projects

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4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
76					
77	**CAPITAL COST DETAIL**	**Year 2005 costs indexed to 2004 through 2008**	**Year 2005 costs**	**Year 2004 information - December 2002 costs**	
78	DESALINATION				
79	Intake	included in plant cost	Information not provided	$21,600,000	
80	Pre-treatment	included in plant cost	Information not provided	included in plant cost	
81	Desal Plant	$93,531,000	Information not provided	$28,250,000	
82	Post-treatment	included in plant cost	Information not provided	included in plant cost	
83	Brine discharge	included in intake cost	Information not provided	$18,560,000 - $27,130,000	
84	Storage	$5,981,000 includes term reser, pump station	Information not provided	included in transmission pipeline	
85	Transmission Pipelines	$25,024,000	Information not provided	$12,692,000	
86	Pump stations	included in storage costs	Information not provided	included in transmission pipeline	
87	Energy facilities	none identified	Information not provided	$1,000,000	
88	DESAL SUBTOTAL	$124,536,000	Information not provided	$82,100,000 - $90,670,000	
89					
90	ASR COSTS	$15,578,000	N/A	N/A	
91	RECYCLED WATER COSTS	N/A	N/A	N/A	
92	OTHER WATER SOURCES	N/A	N/A	N/A	
93					
94	**ADDL CAPITAL COSTS**				
95	Pilot Plant	$2,585,000	$2,970,000	none identified	
96	Distribution system improvements	included in desal and ASR costs	none identified	none identified	
97	Right-of-way	$2,000,000 (desal plant site to be leased)	none identified (desal plant site to be leased)	$5,900,000 - $9,100,000 (includes site acquisition)	
98	Envtl review, permits, etc.	$30,456,000	Information not provided	$61,700,000 - $67,850,000	
99	Engineering	included in envt/permits	Information not provided	included in envt/permits	
100	Construction Management	included in envt/permits	Information not provided	included in envt/permits	
101	Admin/legal	included in envt/permits	Information not provided	included in envt/permits	
102	Mitigation measures	to be determined	None identified	to be determined	
103	Contingencies	$15,935,000	Information not provided	$25,800,000	
104	SUBTOTAL	$50,976,000	Information not provided	$94,002,000	
105					
106	**TOTAL CAPITAL COST**	$191,090,000 for proposed project (11,730 AFY) ***Based on 10% contingencies - B-E/GEI recommends 25% contingencies. B-E/GEI evaluated only the desalination component of the project, and not the ASR component.***	$132,000,000 for 20 MGD project ***$169,030,000 (B-E/GEI Consultants, based on increasing contingencies by 10-15% to 25%)***	$176,200,000 - $193,000,000	
107					
108	**ANNUAL O&M COST DETAIL**				
109	Energy	included in total O&M	Information not provided	$7,200,000 - $7,550,000 ***$5,200,000 - $5,550,000 (B-E/GEI Consultants)***	
110	Facilities O&M	included in total O&M	Information not provided	$1,540,000	
111	Mitigation O&M	to be determined	None identified	to be determined	
112	**TOTAL O&M ($/yr)**	$6,372,000	$13,360,000	$8,740,000 - $ 9,090,000/yr ***$6,740,000 - $7,090,000/yr (B-E/GEI Consultants)***	
113					
114					

EXHIBIT 13-A
MPWMD Comparative Matrix, Part I-A, Desalination Projects

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4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
115	**SOURCES FOR COSTS**	Costs presented in Amended CPCN Application, July 14, 2005, including detailed Basis of Cost documents and tables. Seawater Desalination Projects Evaluation, B-E/GEI Consultants, June 26, 2006	Total capital and O&M costs were provided by Poseidon Resources. Cost breakdowns were provided to B-E/GEI Consultants under condition of confidentiality. Pilot plant capital costs are provided in application by P/SM to California Department of Water Resources for Proposition 50 grant, March 24, 2006. Seawater Desalination Projects Evaluation, B-E/GEI Consultants, June 26, 2006	Monterey Peninsula Water Supply Project, Phase 2 Technical Memorandum, Project Facilities Alternatives for the Sand City Desalination Project, June 23, 2004, CDM, p 6-2. Seawater Desalination Projects Evaluation, B-E/GEI Consultants, June 26, 2006	

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116					
117	**ACRONYMS**				
118	$/AF	cost per acre-foot			
119	$/kwh-	cost per killowatt-hour			
120	ac	acre			
121	AFY	acre-feet per year			
122	ARB	Air Resources Board			
123	ASR	aquifer storge and recovery			
124	B-E/GEI	Bookman-Edmonston/GEI Consultants			
125	BRAC	Base Realignment and Closure Office (US Army)			
126	BRDEIR	Board Review Draft EIR on MPWMD Water Supply Project (interim draft, Dec 2003)			
127	Cal-Am	California American Water			
128	CalTrans	Cal. Dept. of Transportation			
129	CAW	California American Water			
130	CCC	California Coastal Commission			
131	CDFG	Cal. Dept. Fish & Game			
132	CDM	Camp Dresser & McKee, Inc			
133	CDTS	Cal. Dept. of Toxic Substances			
134	CEC	California Energy Commission			
135	CEQA	California Environmental Quality Act			
136	COP	Certificate of Participation			
137	CPCN	Certificate of Public Convenience and Necessity			
138	CPUC	Cal. Public Utilities Commission			
139	CR	Carmel River			
140	CSD	Community Services District			
141	CWP	Coastal Water Project			
142	DBO	design-build-operate			
143	DEIR	Draft EIR			
144	DHS	Cal. Dept. of Health Services			
145	DPR	Cal. Dept. of Parks & Recreation			
146	Duke	Duke Energy Corporation			
147	DWR	Cal. Dept. of Water Resources			
148	EIR	Environmental Impact Report			
149	EIS	Environmental Impact Statement			
150	FEIR	Final EIR			
151	FORA	Fort Ord Reuse Authority			
152	HDD	horizontal directional drilling			
153	IS	Initial Study			
154	JPA	Joint Powers Authority			
155	K/J	Kennedy Jenks Engineers, Inc.			

EXHIBIT 13-A
MPWMD Comparative Matrix, Part I-A, Desalination Projects

	A	B	C	D	E
4	**DECISION ELEMENT**	**COASTAL WATER PROJECT**	**NORTH MONTEREY COUNTY DESALINATION PROJECT**	**LONG-TERM WATER SUPPLY PROJECT (Sand City Desal)**	
156	MBNMS	Monterey Bay National Marine Sanctuary			
157	MBUAPCD	Monterey Bay Unified Air Pollution Control District			
158	MCEH	Monterey County Environmental Health			
159	MCPBI	Monterey County Dept. Planning & Building Inspection			
160	MCPW	Monterey County Public Works			
161	MCWD	Marina Coast Water District			
162	MCWRA	Monterey County Water Resources Agency			
163	MLHD	Moss Landing Harbor District			
164	MLML	Moss Landing Marine Laboratory			
165	MLPP	Moss Landing Power Plant			
166	MoCo	Monterey County			
167	MP	Monterey Peninsula			
168	MPWMD	Monterey Peninsula Water Management District			
169	MRWPCA	Monterey Regional Water Pollution Control Agency			
170	N/A	not applicable			
171	NEPA	National Environmental Policy Act			
172	NMCDP	North Monterey County Desalination Project			
173	NOAA Fish	National Marine Fisheries Service (part of Natl Oceanic and Atmospheric Administration)			
174	NOP	Notice of Preparation			
175	NorCo	North Monterey County			
176	O&M	operations and maintenance			
177	PEA	Proponent's Environmental Assessment			
178	P/SM	Pajaro/Sunny Mesa Community Services District			
179	RBF	RBF Consulting, Inc			
180	ROD	Record of Decision			
181	ROW	right-of-way			
182	RWQCB	Regional Water Quality Control Board			
183	SHPO	State Historic Preservation Office			
184	SLC	State Lands Commission			
185	SRF	State Revolving Fund, a loan administered by SWRCB			
186	SWRCB	State Water Resources Control Board			
187	TAMC	Transportation Agency of Monterey County			
188	TBD	to be determined			
189	USACOE	US Army Corps of Engineers			
190	USBLM	US Bureau of Land Management			
191	USBR	US Bureau of Reclamation			
192	USCG	US Coast Guard			
193	ESEPA	US Environmental Protection Agency			
194	USFWS	US Fish & Wildlife Service			
195					

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
1	**FINAL for 10/16/06 Meeting**	**MPWMD Comparative Matrix, Part I-A, Desalination Projects**				
2						
3						
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
5	**PROPONENT/SPONSOR**	Water Standard Company				
6	**PROJECT DESCRIPTION**	**Completely self contained seawater desalination treatment plant installed on a ship. Electrical energy and propulsion will be provided by gas turbine engines fueled with Biodiesel. No seabed intake or outfall lines are required. Water produced on the ship will be shuttled to shore as required. Facilities required to distribute the water to customers on shore are unknown at this time but could be assumed to be similar to those required in the other alternatives. Size of project is unknown but assumed to be 20 MGD (approx 22,000AFY).**				
7	Pilot Project	None planned. State currently requires pilot plans but that requirement was written around land based facilities. WSC sees no need to pilot the process since we have over 2,000 ships currently successfully treating seawater. Issues needs to be discussed with the State DOHS.				
8	**PROJECT YIELD**	Actual yield based on commitments of purveyor customers				
9	Comply with Order 95-10? Water for Seaside Basin?	Yes, and can easily meet all future needs				
10	Future Mont. Penin. Needs?	Could easily be sized for all future needs				
11	Future Non-MP Needs	Could easily be sized for all future needs				
12	TOTAL YIELD	Could easily be sized for all future needs				
13	Yield Phasing to Mont Penin	Phasing will be based on demands. Larger size initially is better.				
14						
15	**PROJECT COST**	Costs in 2006 dollars for 22,000 AFY (approx 20 MGD) project provided by WSC				
16	**Capital - see lines 77-106**	$129,000,000 for 20 MGD SCV (with power plant). Distribution improvements unkown.				
17	**Amortized Cap. Cost ($/yr)**	Information not provided				
18	**O&M - see lines 108-112**	Information not provided				
19	Assumed energy cost ($/kwh)	$0.05 / kwh (using Biodiesel with current US government rebate tax incentive)				
20	**Total Annual Cost**	Information not provided				
21	Time frame for estimates	2006, costs not escalated				

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
22	**COST TO PENINSULA**					
23	Share of total project cost					
24	How share determined					
25	Cost sharing of existing vs. future Cal-Am ratepayers					
26	**Cost of Water ($/AF)**	Cost of water produced on the SCV estimated to be less than $1,000 AF. Costs for required distribution and pumping unknown				
27	**Impact to Cal-Am Bill**	N/A				
28						
29	**FINANCING ASSUMPTIONS**	WSC funding can be used. Prefer a public private partnership with MPWMD				
30	Interest rate (%)	80% at 7% interest and 20% at 12% if private, 7% if municipal				
31	Term (yrs)	20 years if private, 30 yrs if municipal				
32	Public vote required?					
33	Grants (describe)	Office of Emergency Services or other Homeland Security funding should be looked into. WSC has not done that.				
34						
35	**TIMELINE**					
36	Draft EIR (and/or EIS)	No actions taken on CEQA activities				
37	Certify FEIR (EIS ROD)					
38	Obtain key permits	none applied for at this time				
39	Secure financing	Upon municiapl agency approval				
40	Secure ROW/property access	NA for SCV				
41	Start construction	Information not provided				
42	Commence water delivery	3 years after contractual arrangements				
43	Total time to water delivery	3 years after contractual arrangements				

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
44						
45	**PERMITS/REGS**					
46	**Federal Agencies**	Same as land based facility except Coast guard must review operational plans.				
47	EIS needed?					
48	Fed lead agency?	to be determined, if needed				
49	Sanctuary approval?	permit will be required. Not applied for yet				
50	**State Agencies**	same as any land based treament palnt				
51	CPUC approval?	N/A				
52	EIR lead agency	MPWMD				
53	SWRCB/Water Rights	N/A				
54	**Regional Agencies**	None required for SCV				
55	**Monterey County**	None required for SCV				
56	**Local Agencies**	None required for SCV. Distribution system requiores construction and use permits within affected jurisdictions				
57						
58	**SITE CONTROL**					
59	Confirmed site?	Location doesn't really matter for the SCV itself. Shuttle ship off loading site must be selected depending on who the customers are.				
60	Alternative sites and projects?	No restrictions. No land required. SCV can be located anywhere.				

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
61						
62	**OPERATIONS/OTHER**					
63	**Technical, Managerial and Financial Capabilities (TMF) to meet DHS standards**	Assume implementing entity would operate desal plant with MPWMD oversight.				
64	Back-up; water production interruptions (e.g., power or intake water)	Redundant treatment equipment per State codes; back-up gas turbine planned				
65						
66	**PROJECT PARTICIPANTS**					
67	**Overview**	Willing to expand plant to meet needs of others such as FORA, MCWD and Monterey Peninsula. Shuttle ship concept may allow cities up and down the coast to participate.				
68	MPWMD participation	MPWMD currently envisioned as sole sponsor.				
69	Other entities participation	None specified; partnerships possible.				
70						
71	**PUBLIC INVOLVEMENT**					
72	Outreach programs	Presentations by WSC to MPWMD				
73						
74	**INFORMATION SOURCES**	Materials submitted by PBS&J				
75						

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
76						
77	**CAPITAL COST DETAIL**	**Year 2006 costs**				
78	DESALINATION	**(assume 20 MGD facility)**				
79	Intake	included in SCV cost				
80	Pre-treatment	included in SCV cost				
81	Desal Plant	Ship cost with retrofitting/conversion cost is $41,000,000 + $40,000,000 for all PALL process equipment + shuttle ship costs at $33,000,000				
82	Post-treatment	included in SCV cost				
83	Brine discharge	included in SCV cost				
84	Storage	unknown				
85	Transmission Pipelines	unknown				
86	Pump stations	SCV seawater intake PS included				
87	Energy facilities	2 gas turbines for $15,000,000 (most desal plants do not include a power plant)				
88	DESAL SUBTOTAL	$129,000,000				
89						
90	ASR COSTS	N/A				
91	RECYCLED WATER COSTS	N/A				
92	OTHER WATER SOURCES	N/A				
93						
94	**ADDL CAPITAL COSTS**					
95	Pilot Plant	Need has to be resolved with State Halth				
96	Distribution system improvements	none identified				
97	Right-of-way	N/A for SCV.				
98	Envtl review, permits, etc.	unknown				
99	Engineering	included in SCV cost				
100	Construction Management	included in SCV cost				
101	Admin/legal	included in SCV cost				
102	Mitigation measures	N/A for SCV.				
103	Contingencies	included in SCV cost				
104	SUBTOTAL					
105						
106	**TOTAL CAPITAL COST**	Capital costs for SCV are $129,000,000.(including the power plant) Distribution system costs are unkown at this time				
107						
108	**ANNUAL O&M COST DETAIL**					
109	Energy	included in total O&M				
110	Facilities O&M	included in total O&M				
111	Mitigation O&M	N/A				
112	**TOTAL O&M ($/yr)**	$12,000,000				
113						
114						
115	**SOURCES FOR COSTS**	Total capital and O&M costs were provided by WSC based on detailed estimates from V Ship, Pall Corp, GE Energy				

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
116						
117	**ACRONYMS**					
118	$/AF	cost per acre-foot				
119	$/kwh-	cost per killowatt-hour				
120	ac	acre				
121	AFY	acre-feet per year				
122	ARB	Air Resources Board				
123	ASR	aquifer storge and recovery				
124	B-E/GEI	Bookman-Edmonston/GEI Consultants				
125	BRAC	Base Realignment and Closure Office (US Army)				
126	BRDEIR	Board Review Draft EIR on MPWMD Water Supply Project (interim draft, Dec 2003)				
127	Cal-Am	California American Water				
128	CalTrans	Cal. Dept. of Transportation				
129	CAW	California American Water				
130	CCC	California Coastal Commission				
131	CDFG	Cal. Dept. Fish & Game				
132	CDM	Camp Dresser & McKee, Inc				
133	CDTS	Cal. Dept. of Toxic Substances				
134	CEC	California Energy Commission				
135	CEQA	California Environmental Quality Act				
136	COP	Certificate of Participation				
137	CPCN	Certificate of Public Convenience and Necessity				
138	CPUC	Cal. Public Utilities Commission				
139	CR	Carmel River				
140	CSD	Community Services District				
141	CWP	Coastal Water Project				
142	DBO	design-build-operate				
143	DEIR	Draft EIR				
144	DHS	Cal. Dept. of Health Services				
145	DPR	Cal. Dept. of Parks & Recreation				
146	Duke	Duke Energy Corporation				
147	DWR	Cal. Dept. of Water Resources				
148	EIR	Environmental Impact Report				
149	EIS	Environmental Impact Statement				
150	FEIR	Final EIR				
151	FORA	Fort Ord Reuse Authority				
152	HDD	horizontal directional drilling				
153	IS	Initial Study				
154	JPA	Joint Powers Authority				
155	K/J	Kennedy Jenks Engineers, Inc.				

EXHIBIT 13-B
MPWMD Comparative Matrix, Part I-B, Desalination Projects

	A	B	C	D	E	F
4	**DECISION ELEMENT**	**Seawater Conversion Vessel**				
156	MBNMS	Monterey Bay National Marine Sanctuary				
157	MBUAPCD	Monterey Bay Unified Air Pollution Control District				
158	MCEH	Monterey County Environmental Health				
159	MCPBI	Monterey County Dept. Planning & Building Inspection				
160	MCPW	Monterey County Public Works				
161	MCWD	Marina Coast Water District				
162	MCWRA	Monterey County Water Resources Agency				
163	MLHD	Moss Landing Harbor District				
164	MLML	Moss Landing Marine Laboratory				
165	MLPP	Moss Landing Power Plant				
166	MoCo	Monterey County				
167	MP	Monterey Peninsula				
168	MPWMD	Monterey Peninsula Water Management District				
169	MRWPCA	Monterey Regional Water Pollution Control Agency				
170	N/A	not applicable				
171	NEPA	National Environmental Policy Act				
172	NMCDP	North Monterey County Desalination Project				
173	NOAA Fish	National Marine Fisheries Service (part of Natl Oceanic and Atmospheric Administration)				
174	NOP	Notice of Preparation				
175	NorCo	North Monterey County				
176	O&M	operations and maintenance				
177	PEA	Proponent's Environmental Assessment				
178	P/SM	Pajaro/Sunny Mesa Community Services District				
179	RBF	RBF Consulting, Inc				
180	ROD	Record of Decision				
181	ROW	right-of-way				
182	RWQCB	Regional Water Quality Control Board				
183	SHPO	State Historic Preservation Office				
184	SLC	State Lands Commission				
185	SRF	State Revolving Fund, a loan administered by SWRCB				
186	SWRCB	State Water Resources Control Board				
187	TAMC	Transportation Agency of Monterey County				
188	TBD	to be determined				
189	USACOE	US Army Corps of Engineers				
190	USBLM	US Bureau of Land Management				
191	USBR	US Bureau of Reclamation				
192	USCG	US Coast Guard				
193	ESEPA	US Environmental Protection Agency				
194	USFWS	US Fish & Wildlife Service				
195	CG	US Coast Guard				
196	SCV	Seawater Conversion Vessel				
197	WSC	Water Standard Company				
198	PBS&J	Post, Buckley, Schuh & Jernigan, Inc.				
199	V Ships	V Ships, Inc.				
200	Pall	Pall Corporation				
201						
202						

DRAFT

Monterey Regional Water Supply Reliability Dialogue Group
Conflict Resolution Process

The following conflict resolution proposal is designed to keep our regional dialogue on schedule but allow for diverse opinions and concerns to find a meaningful audience. To best accomplish this goal, each member of the regional dialogue group must take responsibility for maintaining the schedule and decorum of our important process. Thus, for your consideration are the following principles:

1. Each member of the group has responsibility to maintain timely discussion and help keep the process on schedule (remember that our milestones are coming at us rapidly). While there are no individual time limits for members to state their views, the speaker must be concise and attempt to connect their point to the matter represented by the underlying agenda item. It is each member's responsibility to manage their own adherence to the agenda and to assist the facilitator to keep on schedule.

2. All perspectives are valid and important. However, those that are off agenda will be placed in a "parking lot" to be revisited during the "new business/old business portion of the agenda (we will reserve adequate time for all points of view). Please recognize when you are becoming redundant. If that is difficult to do, then please do not take offense when the facilitator or other members ask you to park it and allow the process to continue.

3. There really cannot be any name-calling, harassing, mean-spirited accusatorial pronouncements, or public floggings. We are meeting together in the spirit of regional cooperation. That means that each participant is important. Our challenge is to determine how we can best proceed with each other and create something beneficial. Our regional dialogue cannot merely be a venue for airing grievances. To become a productive regional process team, it really helps to try to find some good in each of us.

4. The final arbiter of whether a group member is keeping on topic and adhering to the schedule is the facilitator/autocrat.

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
1	**FINAL for 10/16/06 Meeting**		**MPWMD Comparative Matrix, Part II, Projects Other Than Desalination**	
2				
3				
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
5	**PROPONENT/SPONSOR**	MPWMD	MCWD for desal project; MCWD and MRWPCA for recycled water project	MRWPCA
6	**PROJECT DESCRIPTION**	**Divert treated excess Carmel River winter flow via existing Cal-Am pipelines (and those planned up Gen Jim Moore Blvd) to ASR wells in Seaside Basin. Phase 1 is second well at existing Santa Margarita test site. Phases 2 and 3 to be considered in future.**	**Desalinated water provided for potable uses. Reclaimed wastewater provided for nonpotable irrigation in Marina, Ord Community, Seaside, Del Rey Oaks and Monterey. Reclaimed water in first phase: 1,500 AFY; possible second phase: 3,300 AFY total, including Phase 1. Surface storage reservoir, ASR and/or tank needed to meet peak demand in Phase 2.**	**Repurified water from the MRWPCA reclamation plant provided to Seaside GW Basin to help recharge it. Initial project size estimated at 2,400 AFY.**
7	Pilot Project	Successful pilot and full-scale test wells since 1998; annual reporting to SWRCB and MPWMD.	MCWD Desal Plant built in 1997. Salinas Valley Reclamation Project completed in 1997 providing irrigation water to agriculture. Pilot recycled project in progress on Seaside golf course.	Pilot testing (treatment and percolation) anticipated in 2007
8	**PROJECT YIELD**	Maximum CR diversion and injection is 2,420 AFY; maximum extraction from Seaside is 1,500 AFY; average annual yield is 920 AFY based on August 2006 computer modeling.	Desal component: 1,500 AFY. 1,200 AFY is available for the Ord Community and 300 AFY will replace MCWD's existing desalination plant. Reclaimed water: Phase 1 - 1,500 AFY, of which 1,200 AFY will be used in the Ord Community and 300 AFY will be available for the Monterey Peninsula. Possible Phase 2 - 3,300 AFY total, including Phase 1. Surface storage reservoir, ASR and/or tank needed to meet peak demand in Phase 2.	2,400 AFY in initial project, possibly expandable in the future
9	Comply with Order 95-10? Water for Seaside Basin?	No, unless teamed with other large project(s); up to 2,420 AFY injected into Seaside Basin	300 AFY to the Monterey Peninsula for irrigation use; see Line 8.	No, unless teamed with another large project; up to 2,400 AFY recharged into Seaside Basin
10	Future Mont. Penin. Needs?	No, unless teamed with other large project(s)	No; see Line 8.	No, unless teamed with another large project
11	Future Non-MP Needs	None	Desal project: 1,200 AFA. Reclaimed project: 1,200 AFY (Phase 1) ; 3,000 AFY (Phase 2 - includes Phase 1 amount)	None
12	TOTAL YIELD	See line 8; 920 AFY average annual yield.	Desal project: 1,500 AFY. Reclaimed project: 1,500 AFY (Phase 1); 3,300 AFY (Phase 2 - includes Phase 1 amount)	2,400 AFY in initial project, possibly expandable in the future
13	Yield Phasing to Mont Penin	No phasing; build facilities	Desal project: None currently identified. Reclaimed project: 300 AFY (Phase 1)	2,400 AFY in initial project, possibly expandable in the future
14				
15	**PROJECT COST**	Costs for Phase 1 Project only		
16	**Capital - see lines 77-106**	$3,255,600 (year 2005 dollars)	Desal project: TBD. Reclaimed project: Phase 1 - $54 mil; Phase 2 - not yet determined	$41.2 mil
17	**Amortized Cap. Cost ($/yr)**	$261,100/yr (amortized at 5% for 20 yrs)	Desal project: TBD. Reclaimed project: costs not yet determined	Not yet determined - depends on availability of Prop. 50 grants and other funding sources
18	**O&M - see lines 108-112**	$300,000/yr	Not yet determined	$1,325,000/yr
19	Assumed energy cost ($/kwh)	$0.10/kwh	Not yet determined	$0.11/kwh
20	**Total Annual Cost**	$561,100/yr	Not yet determined	Not yet determined - depends on availability of Prop. 50 grants and other funding sources
21	Time frame for estimates	2005	Aug. 2006	Aug. 2006

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
22	**COST TO PENINSULA**			
23	Share of total project cost	Entire cost to be paid by Peninsula consumers.	Desal project: TBD. Reclaimed project water users to pay estimated $1,100/AF (cost based on no connection fees)	Not yet determined
24	How share determined	N/A	Prorata share	Not yet determined
25	Cost sharing of existing vs. future Cal-Am ratepayers	New users pay connection fee similar to current system	Recycled water users will pay for their share of the recycled water.	Not yet determined
26	**Cost of Water ($/AF)**	$610/AF based on 920 AFY average yield	Not yet determined. Financing will determine cost.	Not yet determined, but goal is $1,200/AF
27	**Impact to Cal-Am Bill**	Ordinance 123 authorized 1.2% user fee added to Cal-Am bill to construct Phase 1 ASR; assumes payoff of future pooled debt issuance.	No impacts anticipated.	Not yet determined
28				
29	**FINANCING ASSUMPTIONS**	pursuant to District Law		
30	Interest rate (%)	5%	3% (assume SRF loan)	Assume either Prop. 50 grant, 3% SRF loan, or both.
31	Term (yrs)	20 years	20 years	20 years if SRF loan
32	Public vote required?	No	No	No
33	Grants (describe)	Applied for Prop 50 grant; top priority project.	A Prop 50 grant application was submitted, but not approved. No grants currently anticipated.	Have applied under Prop. 50
34				
35	**TIMELINE**			See MRWPCA materials.
36	Draft EIR (and/or EIS)	DEIR/EA issued March 2006.	DEIR distributed June 04.	Pilot facility - start in late 2006 and be completed in early 2007. Full facility - start in late 2008.
37	Certify FEIR (EIS ROD)	FEIR/EA certified August 2006	EIR certified in October 2004; no info on NEPA	Anticipate this to occur in mid 2009
38	Obtain key permits	Summer/Fall 2006 (3-6 mos from FEIR/EA)	2006/2007	Anticipate this to be complete in late 2009
39	Secure financing	Late 2006 (concurrent with permits)	2006/2007	Anticipate this to occur by 2008
40	Secure ROW/property access	Summer/Fall 2006 (US Army)	2006/2007	Anticipate this to be complete in late 2009
41	Start construction	Late 2006	Desalination project: 2008. Reclaimed project: 2007	Anticipate starting construction of full scale-project in early 2010
42	Commence water delivery	Late 2007 (assume 1 yr for all tasks)	Desalination project: 2009. Reclaimed project: Phase 1 in 2008; Phase 2 TBD	Anticipate completion of construction in late 2010 with commencement of delivery of water immediately thereafter
43	Total time to water delivery	1+ years from Sep 2006	Desalination project: 3 years from Sep 2006. Reclaimed project: 2 years from Sep 2006.	Approximately 4-1/2 years from Sep 2006

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
44				
45	**PERMITS/REGS**			
46	**Federal Agencies**	US Army Ft Ord; amend existing easement agreement to add second well site	USACOE; USBR; other federal agencies possible as part of NEPA review	U.S. Bureau of Reclamation, U.S. Army Base Realignment and Closure (BRAC), U.S. Bureau of Land Management (BLM)
47	EIS needed?	NEPA review; Army will use combined EIR/EA	NEPA review required but EIS not anticipated (tier off EIR)	Unknown. Will depend on where recharge facilities are sited.
48	Fed lead agency?	US Army	USBR assumed	USBR assumed.
49	Sanctuary permit?	No	none expected to be required	none expected to be required
50	**State Agencies**	SWRCB, RWQCB, CDFG, DHS	DHS, RWQCB, CCC anticipated	DHS, RWQCB
51	CPUC approval?	N/A	N/A	Not anticipated.
52	EIR lead agency	MPWMD	MCWD	MRWPCA
53	SWRCB/Water Rights	Yes, diversion of Carmel River; Petition for Change	N/A	
54	**Regional Agencies**	none	MPWMD, MBUAPCD, FORA	FORA, MPWMD, Cal-Am, PG&E
55	**Monterey County**	MCEH	MCPW, MCPBI, MCEH, MCWRA	MCEH, P&B, MCWRA
56	**Local Agencies**	Construction and use permits within jurisdictions to receive federal land (Seaside)	Marina, Seaside, Del Rey Oaks, Monterey	Seaside, MCWD
57				
58	**SITE CONTROL**			
59	Confirmed site?	Current 50-year easement with US Army at present site of full-scale test well.	Desal project: Yes. Reclaimed project: Treatment facilities, yes. ROW will be needed.	No. Still investigating site locations. Likely on former Fort Ord east of Gen. Jim Moore Blvd., possibly in PG&E right-of-way.
60	Alternative sites and projects?	Contiguous and non-contiguous injection well locations and alternative projects evaluated in pending EIR/EA	N/A	None planned at present.

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
61				
62	**OPERATIONS/OTHER**			
63	**Technical, Managerial and Financial Capabilities (TMF) to meet DHS standards**	Cal-Am and MPWMD are developing a long-term management and operations agreement for ASR.	MRWPCA and MCWD are established and certified water system and reclamation plant operators.	MRWPCA is an established and certified reclamation system operator.
64	Water production interruptions (e.g., power or intake water)	Back-up generators	Desal plant and related pump stations will have back-up generators.	Pump stations will not have back-up generators.
65				
66	**PROJECT PARTICIPANTS**			
67	**Overview**	Funded by MPWMD via methods allowed by MPWMD Law; possible public-private partnership or JPA.	Desalination project: Participants TBD. Reclaimed water: possible areas identified in EIR.	Previous agreements spell out MRWPCA recycled water entitlements.
68	MPWMD participation	MPWMD envisioned as sole sponsor in coordination with Cal-Am.	No MPWMD participation required. Possible co-sponsorship through agreement with project proponents.	Close coordination with MPWMD due to proximity of MPWMD's ASR wells to the proposed recharge sites, and due to MPWMD's water management role in the Cal Am service area.
69	Other entities participation	ASR could be coordinated with any other larger water supply project to meet community needs.	None anticipated at this time.	MCWD, Cal-Am, Seaside, and others possible
70				
71	**PUBLIC INVOLVEMENT**			
72	Outreach programs	Monthly or quarterly updates; oral reports Board meetings.	Anticipated in 2006; budget of $250,000. Golf courses would be largest customers of Reclaimed Project.	Began outreach to community leaders in 2005 with trips to view similar projects. Outreach to general public to begin in late 2006 or early 2007.
73				
74	**INFORMATION SOURCES**	MPWMD staff and consultant technical reports and memoranda (Padre Consultants, 2005; Jones& Stokes Associates, 2006)	Regional Urban Recycled Water Distribution Project, July 2003; MCWD Regional Urban Water Augmentation Project EIR, October 2004	Materials submitted by Bob Holden, Water Recycling Projects Coordinator
75				

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
76				
77	**CAPITAL COST DETAIL**			
78	DESALINATION			N/A
79	Intake	N/A	N/A	N/A
80	Pre-treatment	N/A	N/A	N/A
81	Desal Plant	N/A	N/A	N/A
82	Post-treatment	N/A	N/A	N/A
83	Brine discharge	N/A	N/A	N/A
84	Storage	N/A	N/A	N/A
85	Transmission Pipelines	N/A	N/A	N/A
86	Pump stations	N/A	N/A	N/A
87	Energy facilities	N/A	N/A	N/A
88	DESAL SUBTOTAL	N/A	N/A	N/A
89				
90	ASR CONSTRUCTION	$1,815,000	N/A	N/A
91	RECYCLED WATER COSTS	N/A	Breakdown of costs not provided	$37.4 mil
92	OTHER WATER SOURCES	N/A	N/A	N/A
93				
94	**ADDL CAPITAL COSTS**			
95	Pilot Plant	MPWMD plant already operational	N/A	$500,000
96	Distribution system improvements	N/A	N/A	Included in line 91
97	Right-of-way	$10,000	Breakdown of costs not provided	Not yet determined
98	Envtl review, permits, etc.	$117,600	Breakdown of costs not provided	Not yet determined
99	Engineering	$535,000	Breakdown of costs not provided	$3,000,000
100	Construction Management	included in engineering	Breakdown of costs not provided	$50,000
101	Admin/legal	$310,000	Breakdown of costs not provided	$200,000
102	Mitigation measures	none anticipated in addition to project description	Breakdown of costs not provided	None anticipated
103	Contingencies	$468,000	Breakdown of costs not provided	Included in line 91
104	SUBTOTAL	$1,440,600	Breakdown of costs not provided	$3,750,000
105				
106	**TOTAL CAPITAL COST**	$3,255,600	Desal project: TBD. Reclaimed project: Phase 1 - $54 mil; Phase 2 - not yet determined	$41.2 mil
107				
108	**ANNUAL O&M COST DETAIL**			
109	Energy	$200,000	Not yet determined	$281,000
110	Facilities O&M	$100,000	Not yet determined	$1,044,000
111	Mitigation O&M	none anticipated	none anticipated	None anticipated
112	**TOTAL O&M ($/yr)**	$300,000	Not yet determined	$1,325,000
113				
114				
115	**SOURCES FOR COSTS**	MPWMD staff and consultant technical memoranda, 2005.	Regional Urban Recycled Water Distribution Project, Prepared for MCWD and MRWPCA, July 2003, RBF Consulting, pp 6-3 and 6-9; Marc Lucca, MCWD General Manager, Aug 2006; RMC Water and Environment, Sep 2006.	CDM draft memo dated August 2, 2006

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
116				
117	**ACRONYMS**			
118	$/AF	cost per acre-foot		
119	$/kwh-	cost per killowatt-hour		
120	ac	acre		
121	AFY	acre-feet per year		
122	ARB	Air Resources Board		
123	ASR	aquifer storge and recovery		
124	BRAC	Base Realignment and Closure Office (US Army)		
125	BRDEIR	Board Review Draft EIR on MPWMD Water Supply Project (interim draft, Dec 2003)		
126	Cal-Am	California American Water		
127	CalTrans	Cal. Dept. of Transportation		
128	CAW	California American Water		
129	CCC	California Coastal Commission		
130	CDFG	Cal. Dept. Fish & Game		
131	CDM	Camp Dresser & McKee, Inc		
132	CDTS	Cal. Dept. of Toxic Substances		
133	CEC	California Energy Commission		
134	CEQA	California Environmental Quality Act		
135	COP	Certificate of Participation		
136	CPUC	Cal. Public Utilities Commission		
137	CR	Carmel River		
138	CSD	Community Services District		
139	CWP	Coastal Water Project		
140	DBO	design-build-operate		
141	DEIR	Draft EIR		
142	DHS	Cal. Dept. of Health Services		
143	DPR	Cal. Dept. of Parks & Recreation		
144	Duke	Duke Energy Corporation		
145	DWR	Cal. Dept. of Water Resources		
146	EA	Environmental Assessment (federal)		
147	EIR	Environmental Impact Report		
148	EIS	Environmental Impact Statement		
149	FEIR	Final EIR		
150	FORA	Fort Ord Reuse Authority		
151	GRP	Seaside Basin Groundwater Recharge Project		
152	HDD	horizontal directional drilling		
153	IS	Initial Study		
154	JPA	Joint Powers Authority		
155	K/J	Kennedy Jenks Engineers, Inc.		

EXHIBIT 13-C
MPWMD Comparative Matrix, Part II, Projects Other Than Desalination

	A	B	C	D
4	**DECISION ELEMENT**	**PHASE 1 AQUIFER STORAGE AND RECOVERY (Seaside Basin)**	**REGIONAL URBAN WATER AUGMENTATION PROJECT (RUWAP)**	**SEASIDE BASIN GROUNDWATER REPLENISHMENT PROJECT (GRP)**
156	MBNMS	Monterey Bay National Marine Sanctuary		
157	MBUAPCD	Monterey Bay Unified Air Pollution Control District		
158	MCEH	Monterey County Environmental Health		
159	MCWD	Marina Coast Water District		
160	MCWRA	Monterey County Water Resources Agency		
161	MLHD	Moss Landing Harbor District		
162	MoCo	Monterey County		
163	MP	Monterey Peninsula		
164	MPWMD	Monterey Peninsula Water Management District		
165	MRWPCA	Monterey Regional Water Pollution Control Agency		
166	N/A	not applicable		
167	NEPA	National Environmental Policy Act		
168	NMCDP	North Monterey County Desalination Project		
169	NOAA Fish	National Marine Fisheries Service (part of Natl Oceanic and Atmospheric Administration)		
170	NOP	Notice of Preparation		
171	NorCo	North Monterey County		
172	O&M	operations and maintenance		
173	PEA	Proponent's Environmental Assessment		
174	P&B	Monterey County Dept. Planning & Building Inspection		
175	P/SM	Pajaro/Sunny Mesa Community Services District		
176	RBF	RBF Consulting, Inc		
177	ROD	Record of Decision		
178	ROW	right-of-way		
179	RWQCB	Regional Water Quality Control Board		
180	RUWAP	Regional Urban Water Augmentation Project		
181	SLC	State Lands Commission		
182	SRF	State Revolving Fund, a loan administered by SWRCB		
183	SWRCB	State Water Resources Control Board		
184	TBD	to be determined		
185	USACOE	US Army Corps of Engineers		
186	USBLM	US Bureau of Land Management		
187	USBR	US Bureau of Reclamation		
188	USCG	US Coast Guard		
189	ESEPA	US Environmental Protection Agency		
190	USFWS	US Fish & Wildlife Service		

DRA

Division of Ratepayer Advocates
California Public Utilities Commission

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http://dra.ca.gov

Monterey Regional Water Supply Reliability Collaboration
Division of Ratepayer Advocates
Draft
Second Meeting Agenda

February 28, 2007

Please Note Start Time of 9:00 A.M.

Location: **UC MBEST Center**
3180 Imjin Road, Marina, CA 93933
Phone at the center is: 831.582.1020
From Highway 1: Take Reservation Road east through the city of Marina to the Imjin Road stop light (~ 3 miles from Highway 1). Turn left on Imjin Road. UC MBEST is the first set of buildings on the right, approximately 300 yards from Reservation Road.

From Blanco or Davis Roads: Turn right onto Reservation Road and proceed west toward the city of Marina to the Imjin Road stoplight. Turn right on Imjin Road. UC MBEST is the first set of buildings on the right, approximately 300 yards from Reservation Road.
For driving directions, go to MapQuest and type in the UC MBEST Center address shown above.

Meeting #2 Milestones

Identify agency water demands and priority projects. We will hear from each agency about their water needs, current supplies and programs like conservation, conjunctive management, and recycled water uses.

- Brainstorm ways to creatively combine projects. We will entertain a collaborative discussion whereby we "cut and paste" projects, pipelines, and water management programs to serve the needs and demands that we identified earlier in the meeting.
- Identify flaws and controversies associated with each project. Discussion need to occur about the projects, and programs identified to help the Study Team understand what detailed evaluations need to be made concerning the overall project and program list.

9:00 AM	Welcome and Introductions	10 Minutes
9:10 AM	Overview of Goals for Meeting #2 Steve Kasower, University of California, Santa Cruz Urban and Regional Water Research team	10 Minutes
9:20 AM	Review of the Notes from Meeting #1	10 Minutes
9:30 AM	Discussion of Draft Conflict Resolution Process	20 Minutes
9:50 AM	Discussion of Draft Monterey Regional Water Demands	45 Minutes
10:35 AM	Break	25 Minutes

11:00 AM	Discussion of Monterey Water Supply Projects	60 Minutes
Noon	New Business/Old Business/Parking Lot Issues	30 Minutes
12:30 PM	Discussion of Next Meeting Date, Agenda (Proposed for March 28, 2007)	15 Minutes
12:45 PM	Adjourn	

Meeting #3 (March 28, 2007) Proposed Milestones

- Review the status of the regional analytical work by the Study Team with discussion and suggestions by the group of participants.
    - Progress report and discussion of the demographic evaluation.
    - Discussion and presentation of analytical modeling tools being used by the Study Team to evaluate regional project components.
- Presentation by the team that is conducting the environmental analysis for the CPUC.
    - Presentation of their ongoing work.
    - Discussion of the confluence between the ongoing environmental analysis and the Study Team's preparation of the "Regional Plan."

Monterey Regional Water Supply Reliability Collaboration
Division of Ratepayer Advocates

First Draft Meeting Notes

January 31, 2007

Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933
Phone at the center is: 831.582.1020

Table of contents

MEETING AGENDA		Time	Pages
9:30 AM	Welcome and Introductions	20 Minutes	1-2
9:50 AM	Opening Remarks Diana Brooks, Division of Ratepayer Advocates, California Public Utilities Commission	10 Minutes	2
10:00 AM	Overview of Goals for Meeting #1 Steve Kasower, University of California, Santa Cruz Urban and Regional Water Research team	15 Minutes	3
10:15 AM	Discussion of Draft Articles of Collaboration concepts	45 Minutes	5
11:00 AM	Break	15 Minutes	
11:15 AM	Discussion of Draft Monterey Regional Water Supply Reliability Planning Milestones	45 Minutes	#
Noon	Discussion of Next Meeting Date, Agenda (Proposed for February 28, 2007)	15 Minutes	#
12:15 PM	Adjourn		

Welcome and Introductions

Steve Kasower welcomed the group, made sure the sign in sheet was passed around to have each person's information recorded for inclusion in communications.

Each person in the room introduced themselves and the organization represented at the meeting.
Steve Kasower, UCSC, collaborating with DRA, CPUC
Diana Brooks, Division of Ratepayer Advocates, CPUC
Sara Hardgrave, RBF Consulting. Deputy Project Manager for the Coastal Water Project representing California American Water.
Peter MacLaggan, Poseidon Resources representing Pajaro Sunny Mesa Community Services District.
Joe Rosa, Pajaro Community Services District
Roger Masuda, with a law firm that represents water interests, we have a satellite office here in this complex.
Marc Lucca, Marina Coast Water District
Curtis Weeks, Monterey County Water Resources Agency
Skip Griffin, engineering firm PBS&J, represent ship-based desalination company
Howard Gustafson, President of Marina Coast Water District

Jonas Minton, Planning and Conservation League
Amy Campbell, Association of Monterey Bay Area Governments (AMBAG)
Nick Papadakis, Association of Monterey Bay Area Governments
Keith Israel, Monterey Regional Water Pollution Control Agency
Monica Hunter, Planning and Conservation League Foundation. I'm also a member of the Central Coast Regional Water Quality Control Board.
Tanya Gulesserian, California Unions for Reliable Energy.
Tom Rowley, Monterey Peninsula Taxpayers Association, citizen in Monterey. Our organization has been heavily involved in looking at the costs of whatever is proposed ever since the dam vote failed.
Dewey Baird, Federal Presidio of Monterey
David Pendegrass, chair of the Monterey Peninsula Water Management District
Steve Matarazzo, City of Sand City
Manuel Fierro, citizen of Monterey. A proponent of public water for citizens of Monterey County.
Heidi Quinn, law firm Delaredo representing MPWMD
Darby Feurst, Monterey Peninsula Water Management District
Judd Vandeveer,
Steve Leonard, California American Water
John Fischer, citizen. I was a member of the Sanctuary's desal group. I'm a member of the conservation working group.
Ron Glaze, citizen
Holly Price, Monterey Bay National Marine Sanctuary
George Riley, Citizens for Public Water
Nader Agha, member of Friends for Locally Owned Water. Promoter for the desalination plant at Sunny Mesa by Poseidon.
Ron Weitzman, Friend of Locally Owned Water
Catherine Borrowman, UCSC, Steve Kasower's colleague
Eric Zigas, Environmental Science Associates. We are under contract with the Energy Division of the California Public Utilities Commission to prepare the environmental impact report on the CWP submitted by Cal Am.
Rito Guerra, Senator Maldenado's office.
Paul Reimer

Opening Remarks

Steve Kasower gave the floor to Diana Brooks to start the discussion and set the tone.

Diana Brooks, DRA
Diana Brooks discussed the mission and scope of the DRA's involvement with Cal Am's projects. The mission of the DRA is to get the lowest cost for service consistent with safe and reliable service levels for all types of utilities and privately held water companies. She emphasized that the DRA reviews each project in terms of costs. The DRA believes there may be a more cost effective solution that has more economic benefits for the region and greater chance for being implemented if there is a regional collaboration with synergies and much lower costs. The purpose of the series of dialogues is to identify some of those synergies and put together an alternative to what is proposed that would lower the costs for the ratepayers that we serve in this area.

The idea with a regional project grouping is to analyze how any of the following actions might work for the area to create synergies and lower costs: more aggressive conservation more conjunctive water management, water reuse, larger desal. The DRA proposes to facilitate these series of dialogues in order to understand if there are synergies between existing projects that are already on the table.

The DRA is not going to do technical research. Brooks explained the DRA are looking at the economic and institutional restraints to facilitate overcoming those barriers. The Commission represented by Andrew Barnsdale has contracted with the CEQA consultants ESA Associates' Eric Zigas to do the technical analysis. Research performed by Cal Am and other agencies will be assembled and used to help this group come up with something that would benefit the ratepayers. Brooks explained that this approach is a little bit outside of DRA's traditional role. Normally the DRA presents evidence and analysis at evidentiary hearings at the Commission where the Administrative Law Judge issues rulings. However, Brooks noted that we are on a short timeline because the Commission is going ahead with its CEQA review of this project and it is moving into phase two of this proceeding.

The Commission has issued a permit and will be going ahead with the Cal Am Coastal Water Project in Moss Landing. That is on track, if we want to do something else, time is of the essence in the next six months to look at alternatives.

The DRA is aware that ratepayers in the Monterey Area continue to pay for proposed projects that are never implemented according to Brooks. DRA wants to see a successful solution to the water supply situation here to meet the mandates of SWRCB Order #95-10. Steve Kasower is taking the lead with this process and will continue to facilitate these dialogues. Steve is working on the Coastal Water Project identifying some of the risks and economic implications in the process of that work as well as facilitating this regional dialogue.

Steve Kasower
Steve Kasower explained the overall goal for this meeting is to discuss the context of the process that has been proposed.

A monthly process of information collection and sharing is proposed. The notes and technical documents become a draft that will be placed on a website where folks at the table and other citizens can comment on those drafts during the month. At the following meeting they will be finalized and made part of the historical record. To facilitate involvement of citizens who cannot come to the meetings we will establish a website that would have draft documents and the ability to place comments within that website in a blog. Comments will be dealt with in the following meeting. Finalized documents will also be on that website.

This first meeting is not to identify new projects, but to discuss the two documents: the Articles of Collaboration and the Milestones document.

Kasower explained that we would focus on agency roles in implementing programs and projects, and also we will focus on what those programs and project are and how they contribute to the overall regional water supply solution. According to Kasower, we are asking participants to "wear two hats". One is to assume responsibility to assure that any program or project that the regional dialogue supports also benefits your agenda or contributes beneficially to your agency's mission. The other responsibility we are requiring is for each participant to act as though they are on a board of directors for the whole region in charge of reliable water supply provision for the whole region. This approach will assure that we identify good regional programs and projects and those programs and projects are in the best interests of each participant.

Kasower mentioned that the Division of Ratepayer Advocates is specifically concerned about the financial impacts to Cal Am ratepayers from programs and projects Cal Am undertakes. We also recognize Cal Am's ratepayers exist in this community, so to the extent the economic vitality of people in this community, the livability of people in this community, the health and welfare of people in this community, and the environmental quality of this community are all benefits in which we are also interested according to Kasower.

Timing is an important issue now even though water supply issues here have a long history. So, what is different about this? The Coastal Water Project (CWP) is moving ahead as

Diana Brooks mentioned. Our hope is that we can identify a viable regional project that has greater benefit for the region and Cal Am. And we hope that Cal Am will prefer that regional project over the CWP. Our team will work with the technical staff of the water agencies, municipalities, and organizations to identify and evaluate the regional alternative.

Kasower then introduced the draft Articles of Collaboration and opened discussion.

Discussion of Draft Articles of Collaboration concepts

Ron Weitzman, MFLOW
Mr. Weitzman discussed the difference between the projected cost of water from a Cal Am desal plant and Pajaro Sunny Mesa. He said the Pajaro Sunny Mesa plant is legal because it is a public agency. He objects to the 200 million dollars of Cal Am's projected cost and that rate payers will not own the desal plant. He has estimated that from July 2005 - January 2009 a bill will rise by $40 for a $30 bill, if water were purchased from the Pajaro Sunny Mesa the same bill would rise by $17.50. He stated that Cal Am's value as a company would triple and $60 million dollars would go to shareholders instead of the current amount of $20 million.

Dave Pendegrass, MPWMD
Mr. Pendegrass expressed concern with the word "alternatives" considering Cal Am's CWP is the train that has left the station. He thinks that looking at complimentary projects, noticing that with the CWP now, there is a consensus on private ownership. We need to look at public/private ownership. One thing that the Peninsula is concerned with is that Cal Am is under a mandate by 95-10, not the MPWMD district he represents; they have to replace a tremendous amount of water. They are the only one in the district that can do that right now, and we need to recognize that time is of the essence here. He spoke about the regional group within Monterey County of mayors and supervisors. The water district, with different electeds, has a difference of opinion on the board. The majority has decided that 12,500 acre feet of water is what Cal Am needs to replace, then the district constituents have put forward the need for 4,500 acre feet for future water. With the unusual circumstance of this regional collaboration group, which has never happened before, the point is to cooperate and work together. He expressed concern about how litigants around the same table might affect the process.

Steve Kasower
Mr. Kasower commented that in regional processes in California, and especially in cases with water, it usually almost impossible to sit people down without some of those people involved in litigation. The overall goal is to make the regional approach more beneficial.

Mr. Kasower refocused attention on the Articles of Collaboration.

Nader Agha
Mr. Agha expressed appreciation for Mr. Weitzman's comments. He discussed how ratepayers must protect themselves and own their own water. He mentioned that around the globe 85% is publicly owned, and 15% is private. He stated that in a democracy you let private companies perform but it is important to protect resources such as air, highways, and water.

He discussed the political battle he sees with public versus private ownership of desalination plants regarding the inequity of capital between the two. He brought up historical events with problems in Monterey County and mentioned Sunny Mesa, not Cal Am, made a commitment to solve the issue and "freed that charging".

He inferred that Cal Am is in it only for the 9.9% profit it is allowed to make. He expressed that people would pay less and no money would be sent to Germany, to "the wolves". He speculated that the owners will try to sell it for hundreds of millions of dollars. He concluded stating that this group is needed to make sure this private company will turn to the people.

John Fisher
Mr. Fisher explained that he is involved in desal with the Marine Sanctuary and expressed dissatisfaction with the fact that months back there was some talk about an integrated regional water management plan. T his would have included a JPU, an MOA, and an MOU, to bring all the parties to work together. The Articles of Collaboration is similar and may be helpful for that group.

Out of that, the water district came up with a matrix that included nine different projects. They have had trouble getting some of the information and that matrix was not completed. Mr. Fisher stated that in the press afterward the question was raised: what is the plan for the next three years for the water district? With disagreement on the board, and nothing mentioned about the water district acting as a catalyst to try to solve the problem, he expressed concern with the expectations for this collaborative group.

Mr. Fisher stated that with so many interests it is important to present MOU, MOA, or JPA. He said he hopes this group's timeline holds and that the public will start to see some of those balls fall. He wants to see working documents put on the table.

Howard Gustafson, Marina Coast Water District
Mr. Gustafson stated that the public outreach has not been a part of planning processes in the past for discussing how to deliver water to the Peninsula. At MCWD meetings, items under discussion are the reclaimed water project currently being installed, the operational desal plant (300AF). He discussed expansion outward with a regional water supply, using FORA funding. He raised the question: how many projects are we going to put along the coast? Why do so many little entities want to control this water supply? MCWD has reached out to the Pajaro Sunny Mesa many times to jointly collaborate on a water project.

The delivering of a pipe system to Marina and pass-throughs are the most beneficial and economic way to deliver water into the Peninsula. He favors collaborating with the Carmel sanitation district, to deliver reclaimed water over to Pacific Grove. He stated that there are a range of options and there needs to be the political will to lower water rates and deliver the water regionally. Attempts at collaboration with Sand City have not worked. He sees other projects as stalling this progression. Without good past collaboration and negotiation, and the CWP so far along in its planning stage, he feels shut out of the political process. He stated it is important to remember that expanding on the reclaimed water project will have tremendous benefits. He doesn't understand why another plant is being discussed when the pass through on the Pajaro Sunny Mesa property could be expanded.

Sara Hardgrave, RBF Consulting
Ms. Hardgrave discussed the Articles of Collaboration and made an observation about the people who were sitting at the table. She noted there are local jurisdictions, project proponents, strong contingent of concerned citizens and regulators. She questions the word "agency representative" and the expectation that they will form a successful partnership if they are not in attendance. Who would be required if the intention is really to have collaboration between local agencies? Given the way the term "agency" is used, how do the remainder of the people sitting at the table participate? If the question is just for agency representatives, how do other concerns citizens get involved? How do the proponents get their voice in?

Tom Rowley, MPTA
Mr. Rowley thanked the DRA for getting involved. He reminded the group that voters turned down a water project in 1995. Using survey results, Cal Am claimed the reason for this was "everyone is against growth". Mr. Rowley has spoken with the thousand members of the MPTA and found that predominantly they weren't willing to pay for it. Why were people reluctant to pay? It is a credibility gap he claimed. Cal Am is building a project but the ratepayers will pay for it. The ratepayers should pay for the water. MPTA board meeting discussions about the issue focus on who should pay for the water project and how much.

Mr. Rowley believes the yearly schedule should be tightened up to 6 months. He has a conflict with the days of the month due to the water district citizens' advisory committee.

Mr. Rowley also stated that the price tag of the CWP is bound to rise along with the reluctance to pay for it. MPTA has participated in many studies and workshops over the past fifteen years and the only thing that really matters to its members is the cost.

Manuel Fierro, Citizens for Public Water
Mr. Fierro commented that each one of the members of the group has a role to play in solving this regional water problem, and he thinks that if everyone participates, the group process may work.

Holly Price Monterey Bay National Marine Sanctuary
Ms. Price stated that MBNMS is not a proponent of any one project. Four years ago it stated a coordinated regional approach would help MBNMS evaluate the cumulative environmental impacts of all the plants proposed in the project applications. In the document for this group she does not see a reflection of environmental benefits, which is essential to find something workable. With a logical regional plan the environmental permitting process will be smoother. MBNMS requests to see this language in the document.

Diana Brooks
Diana Brooks explained the difference between the DRA and the CPUC. The DRA is an independent division within the CPUC representing ratepayers. Dana Appling, the DRA Director reports directly to Governor. The heads of DRA and CPUC are appointed directly by the Governor. The DRA shares administrative services of the CPUC. This regional dialogue is DRA's initiative. T he CEQA section in the energy division of the CPUC, who is doing the environmental review, is distinct organizationally from the DRA. The DRA's work here is collaborating with this group to find a regional solution. The DRA is a party in the proceeding at the CPUC in the CWP.

Dave Pendegrass, MPWMD
Mr. Pendegrass noted that in reference to Holly Price's comment, paying attention to environmental concerns with building in sensitive areas could unlock a lot of problems.

Steve Kasower
Kasower underscored that the first meeting is not an appropriate venue for debating public ownership. If we are going to move forward, some of these points may be germane. A regional approach has got to include concerns of ratepayers and other citizens, it must represent the values in this community, the environment, whether the public feels good about who delivers their water or if we are getting the best deal we can get.

Kasower reiterated that the agenda item is focused on establishing some general overall rules of how we will collaborate and behave toward each other. We want everyone to participate. Can we facilitate a politically realistic solution? Can we design something that does not frustrate 90% of the group?

Howard Gustafson
It is important to look at the effect on the families, there are big families in my district, if you raise rates, you can hurt these families, and many people live in financially tight circumstances. Let's investigate how to keep the costs down.

Mr. Weissman
Ratepayer advocates may be interested on March 13, the Board of Supervisors are going to reviewing an ordinance that requires a desal plant to be publicly owned, if they change that to allow a private company to own a plant, ratepayers will be paying for something they don't own. I request that DRA prepares documents to send to Board of Supervisors.

Diana Brooks
DRA's jurisdiction is limited to the ordinances in effect, the laws, in the areas where the ratepayers live. The position of DRA is whatever project is approved needs to comply with the laws; we do not take positions on what laws are formed. We will not get involved with supporting an ordinance.

Additionally, the way that ratemaking works is obscure to even to people who are involved. Ms. Brooks offered to do a tutorial on this, that would be something offline, not part of these meetings.

Manuel Fierro, CPW
Mr. Fierro tried to deliver a prepared oral presentation in support of Poseidon's plant with several items on governance and financing.

Steve Kasower
Mr. Kasower acknowledged the point that Mr. Fierro raised, that he believes there is a cheaper more technically appropriate way to go forward with that project. He redirected attention to discuss the collaboration process.

We are asking people to discuss what would be in the best interest of all parties, if there is a deal to be made it has got to get all of the parties to be better off afterward. That is the economic and sociological challenge. Is that a reasonable objective? To attain this goal, you have got to be willing to pursue a regional water supply.

Curtis Weeks, MCWRA
He has been directed from the Board of Supervisors to work with Cities, nonprofits, and wastewater districts to do essentially items 1-4. They are comfortable with these items. The Articles give us the framework to work together. Mr. Weeks has the authority to work through these issues in this group.

Howard Gustafson, MCWD
How does the Board of Supervisors wanting to change the public/private ownership law relate to our work today?

Steve Kasower
The public/private ownership decision may affect the group. Our goal is to address the need for a reliable water supply in ways that are healthful; the least cost, and have a delicate environmental footprint. What ordinances are placed over this group's efforts will be noticed, but are not a direct concern of ours for today's meeting.

Diana Brooks
Ms. Brooks restated the position of the DRA regarding the ordinance. She stated the DRA's work here is to look at alternatives for regional collaboration. We are interested in the most cost effective solution. I want to reiterate with these 4 points, we are trying to lay the groundwork of the process that evolves.

George Riley, CPW
Mr. Riley brought up an issue with the language in item No. 1 of the draft collaboration document. He stated that by only including agencies with the intent, the focus is misdirected away from a critical constituency in the process: citizens. It appears we are already entering decision mode. He urged the DRA to take a step back into collaboration mode and include citizens in that item. Opinions brought to the table are critical to the success of the process. Issues need to be explained and justified. Citizens in this region need to be regarded as essential participants in the process. Agencies are concerned with jurisdictional boundaries. To the extent that the DRA can take a broader view, it may be the last chance we have we want to take agencies and public opinion to the table and massage things together. Mr. Riley criticized other previous efforts as ineffectual and too time consuming.

Two key things that are positive and important with this regional group: the DRA has made sure there is legitimate public participation in the process, and the DRA is present and does not have a stake in the issues. The DRA can lead a process with involvement and this should be reflected in the language of the Articles of Collaboration as a credible statement.

John Fisher
Mr. Fisher requested the three general managers at the table who are members of the integrated regional water management plan to share information about what has been done on this issue of these questions. They must share their best thoughts and put them into a document right away.

Nader Agha
Mr. Agha expressed the desire for political representatives to notice that Henry Mello in 1974 established the Monterey Peninsula Water Management district to find a solution. Not a drop of water has been found. The county did not do anything. He stated we need to consider the Poseidon project as in the best interest of the ratepayers.

Steve Kasower
Number 4 states that as far as the DRA is concerned, this group process is free to all involved, but we need to borrow technical staff.

Manuel Fierro, CPW
Mr. Fierro requested the inclusion of cost savings not just use of the term cost sharing.

15 minute break

Steve Kasower
Here is how the process will work on this draft. I will add a public component to the document and email it to all involved. Each person can comment. At the next meeting, it will be a final product.

Curtis Weeks
Mr. Weeks discussed something with item number 4. It is important to note, there has been groundwork between the cities and the wastewater organizations, there is a role that the local government have played and could play, and there should be a continuity that is recognized.

Roger Masuda
Mr. Masuda recommended that the project team talk to each of the agencies and then report on findings. He prefers to avoid advocacy presentations in the meetings. He suggested the project team use a checklist to collect information from each agency regarding water management programs and then figure out how to cut and paste items. He wants the team to facilitate taking people's ideas and seeing how they can be mixed and matched.

Tanya Gulessarian, California Unions for Reliable Energy
CURE wants to have a regional solution with water projects that are built under a project labor agreement. The goal to minimize environmental impacts while providing for sustainable growth should include providing work for our members who live and work on the Peninsula.

Ms. Gulessarian stated that it is important to formally include CURE in the process in order to reach a successful, practical solution. She reiterated that the group should think about the economic benefits of hiring local labor.

Howard Gustafson
Mr. Gustafson concurred with Ms. Gulessarian stating that Marina lost many jobs and is in the process of redevelopment.

Discussion of Draft Monterey Regional Water Supply Reliability Planning Milestones

Steve Kasower
Mr. Kasower led the group through the Milestones document, noting that the group is in a hurry to find a regional approach in a few months. The group needs to stick to this schedule. Mr. Kasower suggested that for this document review we use a methodology that allows each person in the room an opportunity to make a comment on the Milestones document. Number one will be what we accomplish at this meeting. In February, we plan to identify some demand numbers and review some project ideas. What do we need for the environment? To satisfy 95-10?
The group will need to examine these numbers and agree to allow the Study Team to use them.

Jonas Minton, PCL,
Mr. Minton agreed with Mr. Masuda. To the extent that the team can come up with alternative views of the future, and bring those things to the table, the group can then grade the work. If it takes all of February to do this work the group could meet in March instead.

Steve Kasower
Mr. Kasower noted agencies represented in the room have been doing technical work and stated there would be straw person material put before the group based on that work. To keep on track, we will produce documents and then will ask people to comment on them and to stick to the topic.

In February, the group will brainstorm about known projects. By March the group will review the work accomplished by the study team. This group will come up with a project with elements like pipeline sharing for the group will comment on that. In April, the group will be talking about what agreement is required between entities responsible for the project or program. Members of this dialogue group will need to get together beforehand and come prepared with a strategy for incorporating issues of interest into the meeting. In May, the group will talk about the strategy for building this alternative program or project, and address stakeholder concerns.

Diana Brooks
Ms. Brooks reminded the group needs to collect ideas and weigh in on what to name ourselves.

Kevin Howe
Mr. Howe stated he is observing for the newspaper.

Sara Corbin, Surfrider Foundation
Ms. Corbin stated it is important to keep on schedule. If people come to the table wanting to get through the agenda for each meeting and stick with it things should work out well.

Andrew Barnsdale
I think this is an excellent process, glad it has begun, will be attending every time you meet.

Judd Vandevere – no statement

Darby Fuerst, MPWMD
The Milestones is an ambitious schedule and needs to be in order to not to delay the EIR for the CWP. He thinks it a tremendous amount of work, interested to see how it will be distributed.

Dave Berger
Mr. Berger expressed concern for this group to include some mechanism to observe political realities. With a focus on technical issues, there should be a way of engaging a potential elected group and staff to look at a regional alternative. He noticed in June and July there are agreements among entities. If this group pays attention to when the MOU is ratified, then that would activate a board or task force of elected officials. This DRA led group may not have

enough participation here to engage at this regional policy level, but can look to the other group processes for elected officials to be informed and involved, as sounding boards, to take back to city councils and present what has come out of this. Mr. Berger noted there should be a mechanism to do this in the Milestones document.

Heidi Quinn
Ms. Quinn, Council for Monterey Peninsula Water District stated she had nothing else to add.

Manuel Fierro
Mr. Fierro is glad the schedule has a quality of being open-ended at beginning and narrowing down as the group progresses. He appreciates the technical leadership of Eric Zigas and Andrew Barnsdale at the CPUC and DRA staff who will share information that will help with decision-making.

Mayor Pendegrass, MPWMD,
Elected officials make the decisions and the SWRCB Decision 95-10 is an unfunded mandate. The State bears the responsibility with the Delta. Why do people in Monterey bear the responsibility to pay for this? With expensive projects under debate and a drought is somewhere near, pressure is mounting on citizens to afford some project. A message needs to be sent to the State.

Mr. Pendegrass also stated that because of the 12-month period with the Cal Am draft EIR, it is important to shorten this process. If the collaborative regional process works out, the group's plans should not be superseded by Cal Am's CWP process. Decisions need to be made that will change that outcome.

Steve Kasower
Mr. Kasower responded to Mr. Pendegrass stating that to the extent that the team can address finding funding and identifying ways to pay for projects, the issues will be raised and studied. With the unfunded mandate of 95-10, it is important for each constituent to address their Legislator in Sacramento directly to work through that issue.

Dewey Baird, Presidio of Monterey
Mr. Baird said by virtue of the federal statutes he is limited in what he can say. We are still awaiting an answer from our headquarters for the group as to our participation in this regional dialogue. Speaking personally, not for the Army, as a long term resident, he has high hopes we will see a solution before October.

Tom Rowley, Monterey Peninsula Taxpayers Association.
Mr. Rowley agrees with comments of Mr. Berger that Cities need to be at the table. Also with the comments of Mr. Pendegrass, thanks Mr. Maldenado's staff, thank you to DRA for looking at the bigger view. With the title of the documents for this meeting, he raised the issue of whether we are really talking about a Monterey Bay project or a Monterey project. AMBAG leadership was here and should be included in that discussion.

Steve Kasower
Anything you can do to get the officials to participate would be good.

Monica Hunter, PCL
Ms. Hunter appreciates the regional dialogue and the effort to expand this group to have entities who must be involved as well as a good representation of local organizations who work on issues that relate to water supply. She stated that methods of communication with the public should include not only use of a website, but also include workshops. Workshops could be timed to share information about the intent of the group as well as reports of incremental progress. Ms. Hunter acknowledged that it is very hard work to inform people as well as to stay connected to a process in which you do not have a seat at the table. The community groups need help to get

informed and stay connected. Finally, Ms. Hunter stated that environmental issues will be addressed through the regulatory process, yet it is good to make them more explicit in this dialogue. What are the priorities? What are the local concerns? How they apply to the structures that will be built?

Keith Israel
Mr. Israel expressed doubt that the group will meet or follow this schedule but noted the program is necessary. Assembling information over the next few months will take a lot of folks who want to help out. His suggestion is to have a phase I, 6-month schedule and then a list following it. His agency will help compile information and get it to the groups.

Amy Campbell, AMBAG
Ms. Campbell, speaking personally, suggested the group define the scope of what is regional (County or the Monterey Bay Area). Knowing who has what interest in this would be helpful, i.e. Stakeholder analysis before the next meeting.

Eric Tynan, Castroville Water District
Mr. Tynan stated that in the Castroville Water District MOUs have been signed, with contracts naming things project components. Much of this water supply planning work has been done. The question now is how are we going to deal with a regional system. The CWD has done a lot of work. It is hard to get cities involved, yet they stand out as a real resource to use.

Dave Lewis, Board Chairman Castroville District.
Mr. Lewis noted that Castroville has tried to collaborate in a regional manner and has not succeeded yet. Castroville as a community and board is willing to see this through.

Rito Guerrera, Senator Abel Maldenado
Mr. Guerrera expressed thanks for the DRA initiative. He applauded Cal Am for being willing to sit at the table, considering they are the only entity under a State order, with a project in place recommended by the CPUC. Mr. Guerrera has spent considerable time on Monterey water issues while working at the Legislature and realizes this is a tough issue. He wants to find what is in the best interest of everyone in the Peninsula.

Jonas Minton, PCL
Mr. Minton talked with several of the managers, looked at the opportunities, and came to the conclusion that by cooperating and sharing facilities, being able to use water supplies in an area, there's a conservative approach that could be taken. He stated that it would be relatively easy to stretch water supplies 20 to 30% given the infrastructure. This translates into large cost savings and into minimal environmental impacts.

His second point was that because this group is discussing water pipes and compliance with water court orders, it is critical to have representation from land use agencies and Cities. This group is not going to be able to limit discussion to order 95-10.

Guy Phillips
Mr. Phillips, an economist, shared three observations. He thinks this is a very ambitious effort, and has gotten larger with comments around table in last 15 minutes. He asked what is meant by regional. How should this group try to integrate the ideas, dreams, and plans in the room? For example, for some people, regional means doubling the size of the desal plant. His third point was in the process of reviewing the numbers, it is important to develop some way to vet the representations that have been made about the numbers. To cut through the wishful thinking and present a clear analysis of whether or not the numbers are accurate, it is important for the DRA team to do the number crunching themselves.

Howard Gustafson
Mr. Gustafson stated that in order to not be afraid to turn on the faucet, the timing is most important with this project. Getting involved in discussions of a non-regional nature would not be the best interest of those in this group. All the water districts have conservation programs in place. To explain the desal and recycling projects, and future allocations at Ford Ord, MCWD added another public outreach person.

Mr. Gustafson thinks 6 months is a good timeline and that MCWD offers the best engineering practices to the regional solution water project. Trust is high in MCWD because of the outreach.

Curtis Weeks
Mr. Weeks thanked everyone for participating, especially DRA's leadership. In 2004 regional solutions were discussed, and we recognized the need for a wide range of collaborative organizations. Water and land use issues must be integrated. These things must be done in a, regional manner which can at times be messy and time-consuming.

Mr. Weeks stated that there are specific things to put the table and wrestle with: regional set of priorities, which problems will be solved. What brought us was the recognition that there might be a pipeline from Moss Landing to Ford Ord. Everyone in the area needs a reliable water supply and a diversified portfolio from North County, Castroville, to Salinas. Keep the broad perspectives in mind and that will help the group see who needs to be at the table. Interests of different parties can only be managed properly if they have representatives present. Cal Am's train is moving forward and other perspectives may get left out and fall behind if they don't come.

Regarding the next meeting, Mr. Weeks expressed doubt that the group will be at a point where brainstorming would be productive without a strawman water supply example. We should not have that meeting unless that strawman is up and ready for us to review.

Mr. Weeks expressed hope that the conflict resolution mechanism should be in place for the next meeting. Mr. Weeks offered to send documents relating to this and to work with Mr. Berger and Mr. Lucca, to try to get elected officials to come to the meeting.

Mr. Masuda
Mr. Masuda noted the difference in water supply planning between wet and dry years. He discussed that after taking care of habitat concerns for endangered species it would be important to determine the water need on a modular basis. Taking the concept of peak hours with energy supply planning, water supply planning can follow suit. If we just focus on how 95-10 diversions with the concept of peak need we can design a better solution.

Steve Kasower
Mr. Kasower responded to Mr. Masuda stating he will be able to review how the group interprets this issue and can make comments.

Joe Lewis, Pajaro Sunny Mesa
Mr. Lewis stated that he does not have any additional comments.

Peter MacLaggan, Pajaro Sunny Mesa
Mr. MacLaggan stated that with respect to the solicitation of comments, he is coming to the table with an open mind, willingness to collaborate. He wants to reach a solution in a cost-effective fashion, to meet the most immediate and pressing needs but is also a long-term solution.

Sara Hardgrave
Ms. Hardgrave expressed concerned that existing work that has been done will be duplicated. Other comparative evaluations of projects should be reviewed. With the stated goal, DRA protect the ratepayer. Spreading costs more broadly should be an issue discussed that would include financing alternatives that are concurrent. Without real decision makers at this table, the problem

is to find some balance with people who will be partners in hearing the concerns of citizen groups. How will you balance the two groups is not represented in the Milestones document.

Ron Weitzman,
Mr. Weitzman said that to make rational decisions, solid financial data is needed.

George Riley,
Mr. Riley expressed concern with the problem of making plans but having decision makers not implement them. Decisions about building new houses should be linked to water supply planning. He does not think Cal Am should be solely responsible for 95-10. People need to take responsibility for what happened in the past, if we choose to ignore that, we are ducking a major issue and a major outcome on the entire community. Full disclosure is also key with our collaborative group. It is important for participants to reveal who they are representing when we are trying to resolve all technical issues with this impossible job. Mr. Riley stated the group should come up with guiding principles and guidelines but we may not have time if we are focused on solely on water-planning.

Holly Price Monterey Bay Sanctuary, NOAA –
Ms. Price stated that she thinks the timing and plans are sound.

Ron Glaze
Mr. Glaze stated that it is important to always invite a member of the press to the meetings.

John Fisher,
Mr. Fisher stated that it is crucial to respect the drop-dead dates in the Milestones document. This forms a critical path with how this thing moves along. He requested more detail about what must be accomplished before each meeting. He said if you want to wake up those interested parties and are relying on people's staff, and those people need to understand when things have to happen. He agrees with Mr. Israel.

Steve Kasower
Mr. Kasower noted that the group should include city managers.

Steven Leonard
Mr. Leonard reminded everybody that the SWRCB order specifically identifies Cal Am with responsibility; it doesn't lay that responsibility generally on the citizens of Monterey. Cal Am created the 4,000 page PEA document that was submitted to the CPUC. He recommended that the group take a look at it and recognize that Cal Am's initial environmental analysis was done at a regional level, including elements for all the areas. Cal Am has anticipated changes in power plant regulations and technology.

Mr. Leonard committed to be present at the meetings. He has a positive approach, will look for partners, is open to solutions, and sees the meetings as useful to his work. He appreciates the positive comments about Cal Am. He would like Diana Brooks to put on a seminar on how the rates are established in order to dispel the notion that there is some form of profiteering associated with regulated private water utilities.

Discussion of Next Meeting Date, Agenda

Steve Kasower
We propose the last Wednesday of every month, as a day what time do you want to start. Feb 28 works for everybody.

Appendix A
People and Represented Groups

	Name	Agency
1.	Agha, Nader	Friends of Locally Owned Water Coalition (FLOW)
2.	Baird, Dewey	US Army, Presidio of Monterey
3.	Barnsdale, Andrew	CPUC
4.	Berger, Dave	Monterey Peninsula Water Management Dist. (MPWMD)
5.	Borrowman, Catherine	UCSC/DRA
6.	Brooks, Diana	DRA
7.	Campbell, Amy	AMBAG (Regional Government)
8.	Clark, Madeleine	Elkhorn Slough Coalition
9.	Corbin, Sarah	Surfrider (Citizen / Interest Group)
10.	Donnegan, Richard	MPTA (Taxpayers Group)
11.	Fierro, Manuel	Citizens for Public Water (Interest Group)
12.	Fischer, John	Citizen
13.	Fuerst, Darby	MPWMD
14.	Glaze, Ron	Citizen
15.	Griffin, Skip	PBS&J (Private Firm)
16.	Guerrera, Rito	Sen. Abel Maldenado's Office, (District Representative)
17.	Gulesserian, Tanya	CURE (Labor)
18.	Gustafson, Howard	Marina Coast Water District (MCWD)
19.	Hardgrave, Sarah	RBF Consulting
20.	Howe, Kevin	Monterey Herald
21.	Hunter, Monica	Planning and Conservation League Foundation (PCLF)
22.	Israel, Keith	Monterey Regional Water Pollution Control Agency
23.	Kasower, Steven	UCSC/DRA
24.	Leonard, Steven	Cal Am
25.	Lewis, David	Castroville Water District
26.	Lucca, Marc	Marina Coast Water District
27.	MacLaggan, Peter	Poseidon (PSMCSD)
28.	Masuda, Roger	CalWaterLaw
29.	Matarazzo, Steve	Sand City
30.	Minton, Jonas	Planning and Conservation League (PCL)
31.	Papadakis, Nick	Assoc. of Monterey Bay Area Governments (AMBAG)
32.	Pendergrass, David	MPWMD
33.	Phillips, Guy	Consultant CAW
34.	Price, Holly	Monterey Bay National Marine Sanctuary (MBNMS)
35.	Quinn, Heidi	MPWMD
36.	Reimer, Paul	Reimer Assoc. (Citizen)
37.	Riley, George	(CPW) Citizens for Public Water
38.	Rosa, Joe	Pajaro Sunny Mesa Community Service District, PCMSCD
39.	Rowley, Tom	Monterey Peninsula Taxpayers Assoc. (MPTA)
40.	Tynan, Eric	Castroville Water District (Public Utility)
41.	Vandeveoe, Judson	CPW Citizens for Public Water
42.	Weeks, Curtis	Monterey County Water Resources Agency (MCWRA)
43.	Weitzman, Ron	Marine Fireman's Oiler's and Deck Engineer's Union
44.	Zigas, Eric	ESA/CPUC

List of People Invited Who Did Not Attend:

1.	Altfeld, Tony	City of Marina
2.	Bauman, Lew	County of Monterey
3.	Colangelo, Jim	City of Pacific Grove
4.	Corpuz, Ray	City of Seaside
5.	Guillen, Rich	City of Seaside
6.	Houlemard, Michael	FORA

7.	Laclergue, Bruce	Pajaro Valley Water Management Agency
8.	Langford, Ron	
9.	McIntyre, Linda	Moss Landing Harbor
10.	Meurer, Fred	City of Monterey
11.	Mora, Dave	City of Salinas
12.	Morgan, Kelly	City of Sand City
13.	von Dohren, Ray	CAWD

DRA

Division of Ratepayer Advocates
California Public Utilities Commission

Dana S. Appling, Director

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January 18, 2007

TO: Monterey Area Regional Water Supply Reliability Collaborators

FROM: Diana Brooks, Division of Ratepayer Advocates
Steve Kasower, University of California, Santa Cruz

SUBJECT: Articles of Collaboration

On December 19, 2006, the Division of Ratepayer Advocates (DRA) of the California Public Utilities (CPUC), extended an invitation to interested water supply and management agencies and municipal interests to participate in a unique project planning opportunity: to collaborate on a regional plan to develop reliable water supplies and water management programs in the Monterey area to benefit the publics in the region. That opportunity was based on the understanding: 1) that the Monterey area lacked reliable and adequate water supplies and 2) that the California American Water Company (Cal Am) was under a regulatory requirement to replace a 69% of its water supply derived from wells in the Carmel Valley.

Cal Am has been pursuing the Coastal Water Project as the preferred alternative to its earlier plans to build a dam on the Carmel River. The CWP is based on the CPUC's "Plan B", a long term water supply contingency plan for the Monterey Peninsula that identified a desalination project and aquifer storage and recovery project as the preferred alternative to Carmel River Dam. Cal Am presently has California Coastal Commission approval to construct a seawater desalination pilot plant in order to begin to identify the most appropriate technological choices for an eventual desalination plant.

Recognizing that Cal Am was moving forward with getting the needed regulatory approvals for construction of its Coastal Water Project, and that perhaps a more economically beneficial array of projects and water management programs could be obtained by forging a collaboration with regional water supply interests, DRA proposed to facilitate a series of regional water supply planning dialogues and to include effected public and private entities.

Below we first address a number of questions that have been raised about this regional collaboration and second we propose a few "articles of collaboration" or "ground rules" for proceeding with the regional collaboration effort.

What Are Regional Water Supply and Water Management Program Alternatives?
Regional water supply and water management programs are comprised of many supply and management components like shared supply distribution pipelines and region-wide aggressive conservation and water recycling programs and projects. A regional water supply project can include facilities that are wholly owned and operated by a single agency but have regional benefit through marketing contracts, or conversely owned and operated by a consortium of agencies or partners. Regional water supply projects do not have to be large-scale centralized facilities. Regional projects and programs must simply exhibit broad regional benefits or occupy a position as a component in a regional plan that, taken as a whole, has regional benefits. As such, DRA does not view the "regional" approach as requiring one centralized regional entity to implement. However, a Monterey Regional Water Resources Plan will require specific contractual and policy agreements in order to be implemented. Thus, components of a beneficial and feasible regional plan could very well be implemented through specific contractual relationships established between two or more affected project sponsoring agencies. It will be the aggregation of these specific project agreements that form the "regional" plan.

Why is DRA involved in this Regional Process?
DRA is mandated by state law to represent and advocate on behalf of public utility customers to obtain the lowest possible rates consistent with reliable and safe service levels. DRA believes that more effective, cost saving, and regionally beneficial water supply and management opportunities could be feasibly implemented by regional collaboration than the CWP can deliver as Cal Am has proposed it. DRA further believes that through a regional collaboration, water projects and programs have a better chance to be implemented with more community support and minimal controversy. Conversely, DRA believes that in the absence of a regional collaboration Cal Am may have greater difficulty implementing the CWP. The CWP could face many obstacles along the way including legal and regulatory challenges, minimal public support, or other controversies. The potential risks associated with the CWP implementation may be substantially minimized through regional collaboration and concord. DRA's objective is to identify politically acceptable water supply projects and water management programs accompanied by implementation strategies that minimize such risks. Moreover, in order to accomplish this goal, Cal Am is a needed partner and must be integral to any water supply solutions that emerge from DRA's regional process. DRA believes that the present represents the most advantageous moment in Monterey history to find and implement a regional water supply solution.

What is the Expected Result of DRA's Regional Collaboration?
DRA expects the participants to put together a regional reconnaissance-level integrated regional plan in collaboration with and with help from local Monterey area water supply and management agencies and municipalities. The plan will bring together many supply and management components and specify which agencies will take the lead on each project component and management program alternative. Cal Am must be integral to the process and to the solution. DRA expects that each agency will take the responsibility to introduce the project components to their governing boards, garner implementation approvals, and forge the coordinating project sponsoring and operating agreements needed to make their components of the regional project happen. Essentially, DRA expects the process to result in realized alternatives that are regionally

beneficial plus leave Cal Am's ratepayers better off than they would be in the case of the Coastal Water Project. Moreover, DRA expects that the regional approach will result in broader public benefits from reliable water supplies in the Monterey area as well as enhanced political and public will to successfully implement the regional solutions.

How Can Monterey Area Citizens, Stakeholder Groups, Water Utilities, and Municipalities Successfully Participate in DRA's Regional Water Supply Collaboration?
All citizens, stakeholder groups, water utilities and municipalities whose interests and responsibilities are in provision and use of water supplies in the Monterey area should be involved in the regional collaboration. To best accomplish a feasible and beneficial regional water supply reliability solution, these interests must be willing to perform a few basic collaborative functions during the regional collaboration process:

1. Each participant must come to the table with the willingness to pursue a more beneficial and reliable water supply for the Monterey region. Agency representatives should be authorized to make decisions or be able to gain governing board agreement from their agency to participate and potentially partner with other agencies in a project component. Moreover, agency participants should have the legal authority to implement some component of a regional plan. Moreover, each agency must maintain responsibility for determining what is in the best interest of their constituents, customers, or stakeholders.
2. Each participant must be able to examine regional solutions from the broadest regional perspective possible. In other words, each participant must be willing to seek the most optimal regional solutions irrespective of agency boundaries, previous project plans, organizational histories, or provincial animosities.
3. Each participant must limit the process dialogue and detailed debate to the schedule agreed to at the start of the process. (The "Draft Schedule and Milestones" document accompanies this "Articles of Collaboration" document.) Once the schedule and milestones are established, participants agree to work toward the success within that schedule.
4. While DRA is not asking for cost-sharing relationships with local Monterey agency partners, DRA does hope that any technical planning analyses are needed will be done in collaboration with the agencies' technical staff and/or their consultants during this regional collaboration process.

How Do We Get Started?
Please let DRA know of your desire and willingness to participate and to attend the first Regional Collaboration Meeting, scheduled for January 31, 2007 at UC MBEST Center, located at 3180 Imjin Road, Marina, Ca. You may RSVP by contacting Catherine Borrowman at (831) 459-3288 or e-mail at cborrow@ucsc.edu.

For technical questions about the process and DRA's role, please contact DRA's representative
Diana S. Brooks
Supervisor - Water Policy
Division of Ratepayer Advocates
(415) 703-1445 (office)

(415) 250-5434 (cell)

Meeting Location
UC MBEST Center
3180 Imjin Road, Marina, CA 93933
Phone at the center is: 831.582.1020
From Highway 1: Take Reservation Road east through the city of Marina to the Imjin Road stop light (~ 3 miles from Highway 1). Turn left on Imjin Road. UC MBEST is the first set of buildings on the right, approximately 300 yards from Reservation Road.
From Blanco or Davis Roads: Turn right onto Reservation Road and proceed west toward the city of Marina to the Imjin Road stoplight. Turn right on Imjin Road. UC MBEST is the first set of buildings on the right, approximately 300 yards from Reservation Road.
For driving directions, go to MapQuest and type in the UC MBEST Center address shown above.

DRA

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January 18, 2007

TO: Monterey Area Regional Water Supply Reliability Collaborators

FROM: Diana Brooks, Division of Ratepayer Advocates
Steve Kasower, University of California, Santa Cruz

SUBJECT: Draft Monterey Regional Water Supply Reliability Planning Milestones

As part of the regional water supply planning strategy, DRA proposes a series of milestones and "deliverables" designed to rapidly identify and commit to implement water supply projects and water management programs.

The overall goals are straightforward:

- The group needs to identify and agree on the water supply needs of the Monterey area.
- A list of project components needs to be proposed. Alternative "adjustments" to those projects needs to be evaluated and agreed upon in a timely fashion.
- A means to deal with disagreements needs to be created that reflects the overarching needs of the public.

Thus, as a first cut attempt to define the process, DRA proposes the following schedule. Meetings should happen monthly and usually be scheduled on the last Wednesday of the month. The schedule can be flexible for calendar conflicts such as important annual events or technical evaluation work that requires additional time to prepare. Each meeting will include a review, discussion, and concurrence of notes and other analytical documents that will be provided to participants for this review prior to the meeting where the discussion is scheduled. New and old business will be proposed and discussed at each meeting. Lastly, each meeting will include discussion of goals and agenda for the next meeting.

Meeting #1 (Scheduled for January 31, 2007)

- Agree on principles of Collaboration and milestones for the regional water supply reliability planning process leading to a regionalized alternative set of projects and water management programs that are alternatives to the Coastal Water Project.
- Determine what agencies are committed to participating in and completing the process (this is a self-selection process)
- Identify conflict resolution methods that will allow us to remain on schedule;
- Provide identities to ourselves. As a suggestion, perhaps the agencies participating in the regional dialogue could be called the Regional Executive Management Team (REMT)?

The group that will conduct analytical work, led by Steve Kasower might be called the Study Team. This group will be comprised of University of California, Santa Cruz Faculty, Staff and Students, CPUC, DRA Staff and Interns, and any local agency technical staff or consultants contributed to the process for specific analyses.

- Set an on-going meeting calendar (for example, the last Wednesday of each month.

Meeting #2 (February)

Identify agency water demands and priority projects. We will hear from each agency about their water needs, current supplies and programs like conservation, conjunctive management, and recycled water uses.

- Brainstorm ways to creatively combine projects. We will entertain a collaborative discussion whereby we "cut and paste" projects, pipelines, and water management programs to serve the needs and demands that we identified earlier in the meeting.
- Identify flaws and controversies associated with each project. Discussion need to occur about the projects, and programs identified to help the Study Team understand what detailed evaluations need to be made concerning the overall project and program list.

Meeting #3 (March)

- Review the status of the regional analytical work by the Study Team with discussion and suggestions by the group of participants.
    - Progress report and discussion of the demographic evaluation.
    - Discussion and presentation of analytical modeling tools being used by the Study Team to evaluate regional project components.
- Presentation by the team that is conducting the environmental analysis for the CPUC.
    - Presentation of their ongoing work.
    - Discussion of the confluence between the ongoing environmental analysis and the Study Team's preparation of the "Regional Plan."

Meeting #4 (April)

- Status report of the regional analytical work by the Study Team with discussion and suggestions by the group.
- Discussion concerning the potential agreements that would need to be reached by project component partners. Individual roles that each agency could take in the regional project. Ultimately each agency will need to take the lead for their regional project components.

Meeting #5 (May)

- Formulation of a regional project implementation strategy
    - Discuss partnership details that will form the basis of this strategy.
    - Identify relevant timing considerations and constraints?
    - Can we satisfy State Water Resources Control Board Decision 95-10?
    - Discuss public and stakeholder involvement initiatives for the regional strategy.
    - Identify the benefits that the group can bring to successful project implementation.
    - Identify what is needed to get Cal Am to adopt the regional project in lieu of the Coastal Water Project.
    - Identify additional analyses needed for the success of the regional plan

Meeting #6 (June)

- Report on member agencies' agreements to implement components of the regional plan.
- Discussion of remaining implementation issues and analytical needs.
- Discuss the direction the group is going and identify any needed course corrections.

Meeting #7 (July)

- Review of continuing analytical work.
- Report on member agencies' progress on authority to commit to sponsoring components of the regional project.
- Discussion of additional analytical needs

Meeting #8 (August)

- Review of new analytical work
- Status report from group members on their agency progress on authorities and agreements.
- Presentation of the Environmental Analysis by the team performing the work for the CPUC.
- Discussion of additional analytical work that is needed for the successful implementation of the regional plan.

Meeting #9 (September)

- Discussion of issues associated with actual implementation of regional project components.
- Discussion of additional environmental analysis needed to support the regional project strategy.
- Discussion of financing alternatives.

Meeting #10 (October)

- Identify a coordinated implementation schedule. What needs to be done by which agency to assure progress in the implementation of the regional plan?
- Identify additional analytical tasks and/or group member responsibilities

Meeting #11 (November)

- Review of plans, agreements, and reports.
- Discussion of what happens after the dialogue process is disbanded.
- Identify remaining issues that need attention and identify responsible agencies to work on them.

Meeting #12 (December)

- Last assignments before disbanding DRA's Study Team
- Perhaps we ought to have a celebration party in honor of our success? (Let us hope that success it is indeed!)